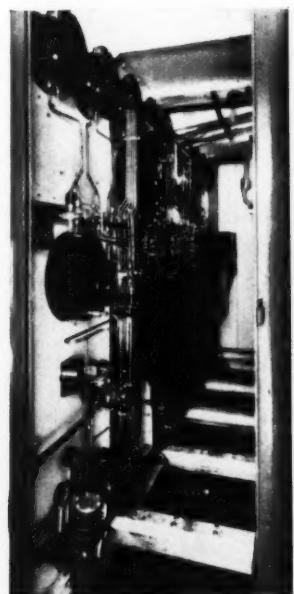
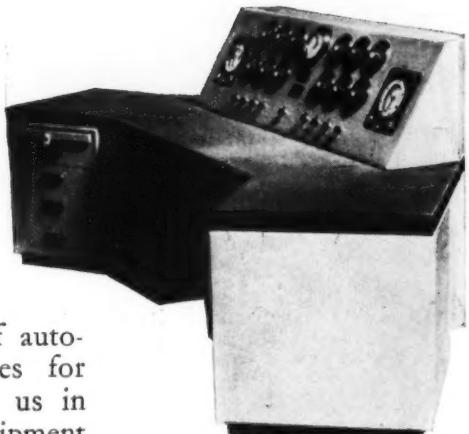


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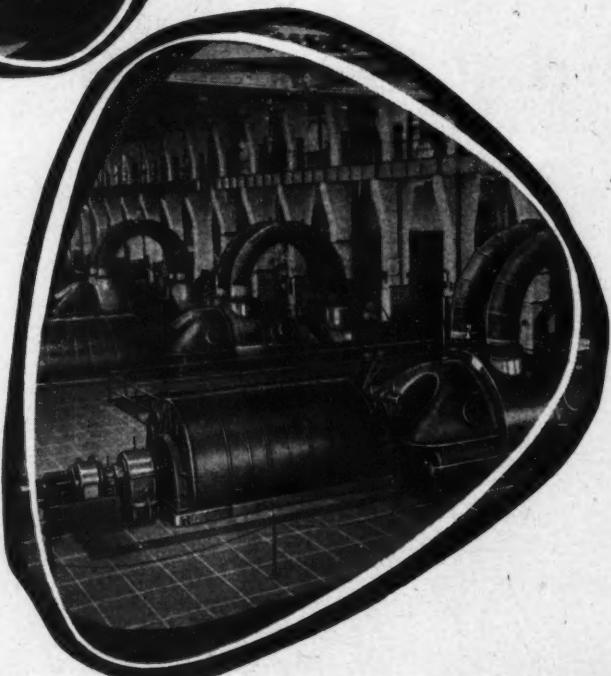
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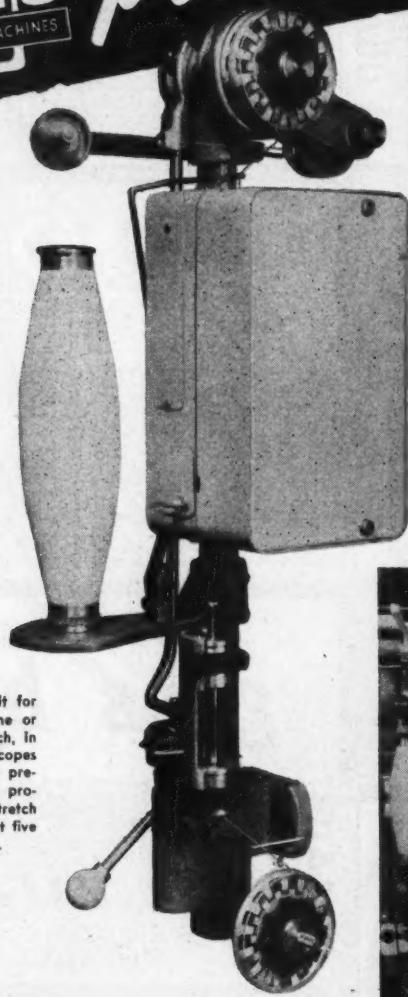
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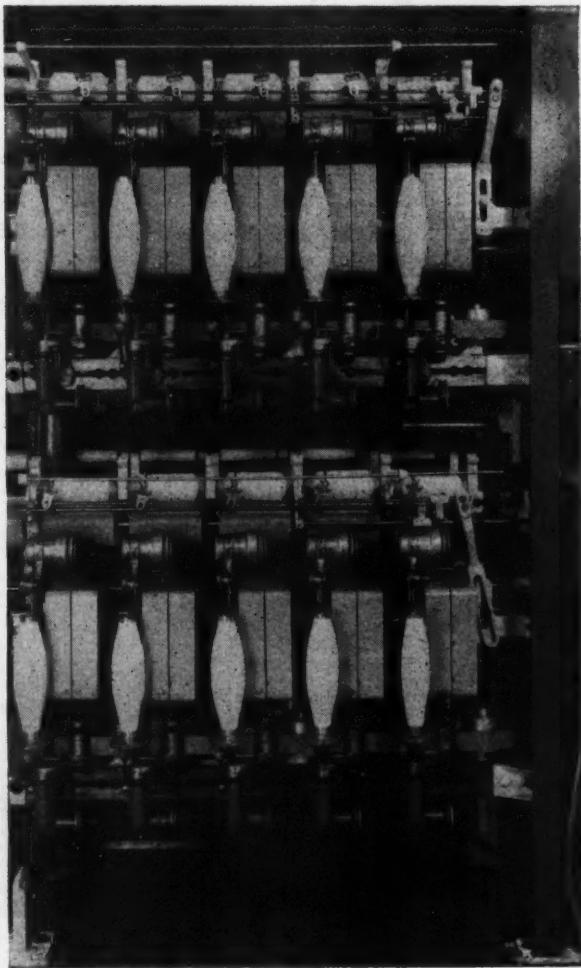
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Believing in the freedom of the press, this journal represents a forum where articles containing many different, and often controversial opinions are published. They do not necessarily express the views or policy of this paper.

EASTERN WORLD

London August 1956

INDIA AND THE COMMONWEALTH

WHEN the name of the British Empire was altered to British Commonwealth the Left sneered at this evident attempt to escape the accumulated odium of empire. But the actual changes in form, ideas and mutual relations outpaced with astonishing speed what may indeed have been intended as a mere jugglery with words. The reality of the changes lay in their piecemeal, involuntary response to the changing contemporary world, in which any idea of centralised direction or organisation was almost immediately out-dated.

This much soon became obvious. What is still only beginning to be understood is that in this free association of independent, sovereign, equal states, the key countries are Britain and India. Every member of the Commonwealth and many countries outside it benefit from the parallelism of British and Indian policies. Indeed it would not be too much to say that without India, the chief centripetal force of the Commonwealth would be lost.

The Commonwealth Prime Ministers' meeting this year, the sixth to be held in the nine years since India achieved independence, became the occasion for some serious thinking in this country about the direction, purpose and changing character of the Commonwealth. This much-overdue debate has barely begun, and necessarily its development and spread will take time. But it is in its light that even seemingly conventional remarks have meaning, as when the Indian Prime Minister, addressing a British audience at the Guildhall, spoke of the Commonwealth as "our common achievement." India's very real sense of being with Britain a joint architect of Commonwealth is of supreme value to British statesmanship, and should not be under-estimated. Sir Anthony Eden is the first British statesman to have shown himself capable of appreciating it, and it is to his credit, too, that this year's meeting, the first under his premiership, has also been the first in which the Commonwealth countries were no longer under the impulsive feeling that they were being spoken to by the United Kingdom as a senior.

Against this background it is doubly deplorable that so much anti-Indian sentiment, often tinged with malice and envy, should find expression in this country. There is no good explanation why ordinarily responsible British papers should

sometimes behave towards India as irresponsibly as an American Congressman. The picture in India is quite the opposite. From Mr. Nehru downward, every responsible Indian, apart from consistently defending Indian membership of the Commonwealth against its detractors, is careful to remember British susceptibilities when he formulates his dislike of such acts of British policy as the Baghdad Pact or the handling of the Cyprus issue. It is greatly to be regretted that Whitehall forbears to correct false and misleading statements on India, especially by contrast with its alacrity whenever American policy appears to be misunderstood.

The most serious differences between Britain and India are on colonialism, racialism and the anti-Communist defence strategy. They are differences that should be discussed soberly and with mutual understanding, as has in fact on government level been the case for several years. It is still far from being so in the press. Yet even on these issues there has been a noticeable narrowing of the gap between the two countries. There is indeed throughout the Commonwealth—in spite of the Kashmir dispute, the Baghdad Pact, South African racialism, and much else—a growing coalescence of opinion on the vital world issues. It is this that gives weight to the Commonwealth as an entity, however amorphous, in the United Nations and elsewhere. The task of statesmanship is therefore to throw light upon and enlarge the "sense of common purpose" and the "common understanding" of which the Prime Ministers spoke in their final communiqué. In pursuing them in the new "significant stage in the development of international relations," British-Indian differences can be diminished and finally resolved.

For anyone in Britain to under-rate India's participation in the Commonwealth is the height of folly. Not only is the relationship an entirely voluntary one, but whatever the gains accruing from it to India, without India there would hardly be a Commonwealth worthy of the name. Nor would Britain remain a great power for long. Given the conditions of the world today, Britain needs India's membership in the Commonwealth more than India does. Whether the issue is one of peace in Korea and Indo-China, or protection against encroachment on Britain's political and economic sovereignty, or the defence of sterling and Commonwealth trade and

finance, India weights the balance in the British case. The 370 million Indians who provide more than half the 640 million of the Commonwealth's total population are no mean shield against American and other pressures on British interests.

It is one of the great paradoxes of our day that Britain's world-wide interests have been better served by India's policy of non-alignment with power *blocs* than by Britain's participation in the American strategic alliances. Successive British Governments have distractingly sought words and means to restrain the Americans from rushing blindly into a shooting war. Sir Anthony Eden's chief service, from the day he became Foreign Minister in 1951, has been to damp down the smouldering fires of the cold war. It is a triumph no one can deny Britain. But in according it, one should not forget the even greater successes India has achieved in bringing about a "climate of peace" (to use Mr. Nehru's own term) in the Afro-Asian continents—which include China and the Soviet Union.

Yet there are British publicists and politicians who in their arrogance and immaturity, ignorant of Britain's vital need for normal relations with all parts of the world, decry

as hypocritical the Indian foreign policy of peace and *panch shila* and the Indians as ungrateful for the gift of a supposed security behind Britain's armed forces. South-East Asia, they argue, is the geographical area in which India's diplomacy can rightfully be exercised — anything else is unwarranted meddling. The obtuseness of these views rivals that of Canute. Only a foreign policy securely based on the real factors of the contemporary world could have been as successful as India's — and the basic factor was the urgent need to reduce the tension between the great powers.

Possibly, perhaps even primarily, it is this astigmatic view of India that has prevented Britain's own position from being clearly understood. "Where is Britain going?" is a question that has been increasingly asked here in every quarter. The fact that it is being asked is in itself a hopeful sign of more urgent thinking to come. Meanwhile, the new stage in international development could be further pushed ahead by Britain, lynchpin of the Commonwealth, and India, its most forward-moving unit, with the assistance of their associated countries. It is essential that India should at least be recognised in Britain as genuinely friendly towards Britain and also as a great power, even if she is not recognised as such by the United Nations.

WRITING ASIAN HISTORY

WITH the retreat of the West from its position of influence and power on the Asian continent a whole new range of concepts and ideas opened up for the newly independent countries. Indians and Pakistanis, Ceylonese, Burmese and Indonesians, not to mention the Chinese, were no longer content to accept the European view of events as it affected the people of Asia. This has become increasingly evident in the policies these countries have adopted in world affairs.

To regard this, as some people have done, as little more than a reaction to colonialism, is a mistake. For centuries Asian thinkers and scholars have challenged the European conception of what was and was not good and right for Asia. However much good the western impact on Asia is considered to have done, it was always borne in on Asians themselves that in the last analysis, if not the first, Europe remained in Asia for its own benefit.

In the past Europeans did not find it necessary to justify their position in Asia, they accepted it as their right, and in the records of their connection Europeans wrote from this standpoint. It was not that, for the most part, they distorted the facts relating to their period of dominance, only that their view and no other was accepted as fact. Now that Asia has emerged from the period of European dominance it is not surprising that Asians should challenge western accounts of eastern history, and the colonial connection. New circumstances have created the desire for a reassessment of the past.

It has become obvious in recent years that if the re-writing of Asian history is to have any success, Asian and

western historians must work closely together, in an effort to understand and sympathise with each other in their search for historical truth. The old source material, and the new, must be looked at by western historians in the context of Asia's recent enlightenment. Old ideas and prejudices must be rigorously examined, just as new ideas and enthusiasms must not be allowed to give birth to distortion and a tendency to narrowness. In the desire to undo wrong impressions in existing histories of Asia, contemporary historians must guard against leaning over too far in the other direction.

A first, and bold, step in bringing historians of East and West together to discuss the trend of Asian historiography in this mid-twentieth century was taken last month by the School of Oriental and African Studies in London. The conference on Asian history, held at the school under the guidance and inspiration of Professor C. H. Philips, gave a great many eminent historians from Europe, Asia and the United States the opportunity to confront each other with the problems of interpreting and reinterpreting source material. It must be said that the western historians at the conference, to their credit, were as enthusiastic about the necessity for a new approach in the writing of history today as their Asian counterparts. It was, perhaps, this largely sympathetic attitude that caused so much to be left unsaid when the conference as a whole discussed historical writing in the period of nationalist movements.

What the conference must surely have achieved is to have brought about a greater awareness of the vast amount of work there is to be done in following lines of inquiry that

have so far been sparsely explored. And the results of the analyses undertaken by the conference seminars indicated that this question of approach to history is of much more than general academic interest. The way history is to be treated is of political interest. There is no doubt that the conference was one of the most important of its type ever to be held, and it is to be hoped that the outcome will mean closer collaboration between historians working in the same field. This, as has been said before, is vital if future generations are to learn of Asian history with every event placed in its true and proper perspective.

Comment

India on the Threshold

WITH the completion of the first five year plan and the introduction of the second, India has entered upon a new chapter of her development. India is at a most important stage—on the threshold of great industrial progress—and where she stands today, economically and politically, and in her relations with other countries, is not only of vital interest to India herself, but to the world at large. This issue of EASTERN WORLD is largely devoted to India. Particular emphasis is given to the Second Five Year Plan and the outside economic connections that will have a bearing on the success of the Plan.

The new Plan aims at a twenty-five percent increase in the national income and rapid industrialisation so that a foundation is laid for long-range industrial progress. India has boldly attempted "perspective planning" which envisages development over a period of 15 to 20 years.

To accomplish this it is essential that help is forthcoming from outside countries and that there should be a stable increase in overseas trade and economic relations. India has expressed a wish for economic and technical assistance from abroad. Much has been heard of late about the part the Soviet Union, Britain and the United States are going to play. Also West Germany has recently offered further assistance and facilities for technical training. Less is generally known about India's trade and relations with other countries. Elsewhere in this issue space is given to the kind of exchanges India has with countries like Sweden, Japan and Belgium.

The importance of India's economic development over the next decade or two cannot be over-estimated. It will be watched by other underdeveloped countries in Asia and outside. Comparisons between the progress achieved, and the methods employed, by India and China will have a certain influence on the political thinking in these other countries. Economic progress and the improvement in standards of living are the vital problems facing newly independent countries—a factor too often overlooked in the West in its desire to have such countries as allies in the conflict of ideologies.

The Buoyancy of China

THE revelations of China's economic progress in conjunction with its new freedoms in political thinking have taken the world by surprise. Even the long catalogue of problems and shortcomings disclosed at the third session of the National People's Congress (the Chinese Parliament) just concluded in Peking, conveyed something of the stimulation of effort, of many successes, and not least of the vigour of the Chinese system. The overall impression is one of a pace unique in history, even by comparison with that of early Soviet economic development.

Mr. Li Fu-chun, Chairman of the State Planning Commission, gave a progress report on the First Five-Year Plan, which reaches completion next year. Mr. Li Hsien-nien, Minister of Finance, reported on the final accounts for 1955 and the budget for 1956. Both sought to demonstrate that China is building her economy faster and better than anyone ever dreamt she could.

China's confidence has been high-lighted by the official encouragement of freedom of thought, expression and research in all fields of culture and science, expressed in the slogan, "Let diverse schools of thought contend."

Mr. Chou En-lai's speech on the international situation and China's foreign policy held the further surprise of the offer to negotiate directly with Formosan representatives for peaceful liberation of the island. Emphasising the "policy of no punishment for past misdeeds," Mr. Chou promised that everyone would be welcome to return to China and would be given the opportunity to find suitable work. Outlining China's part in the relaxation of international tension of the last twelve months, he reminded the members that a great, newly risen power like China was almost bound to arouse apprehension abroad. It had been too short a time to expect other countries fully to understand all the changes. China seems therefore to offer tolerance to her critics and opponents, instead of the offended acrimony that might have been expected.

Shigemitsu Goes to Moscow

THE appointment of Mr. Shigemitsu, the Foreign Minister, as chief delegate to the Russian-Japanese negotiations in Moscow is a sure indication of his growing strength in Tokyo politics. Mr. Shigemitsu has been opposed all along to the idea current in one section of the Liberal Democratic Party that concessions should be made to Russian demands so that a peace treaty can be achieved quickly. There are those in the party, and the Prime Minister might almost be said to be one, that see a peace treaty with the Russians strengthening Japan's hands in dealing with the United States, and in international exchanges generally.

No one can be quite certain what is going on in Mr. Shigemitsu's mind, and what he hopes his ultimate achievement will be in Moscow. It may well be asked what strength the Japanese have in the negotiations. Everyone knows what the Russians really want: some evidence from Japan that she will loosen her ties with the US. She wants Japan to show, in fact, less anxiety to rearm and to get caught up in the crusade against the idea of Communism. If Mr. Shigemitsu has nothing on those lines in his pocket with which to tempt the Soviet Union, then the Moscow talks are likely to be as fruitless as those that dragged on for months in London.

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South-East Asia Today—1

NATIONALISM AND COMMUNISM

By H. C. Taussig

This is the first of two articles by the Editor of EASTERN WORLD, who is at present carrying out an extensive tour of South-East Asia and the Far East. The second article will appear next month.

DURING my present journey I have visited several countries of South-East Asia, and everywhere I was given an opportunity of talking to prominent members of the governments, to opposition leaders and—most important of all—to the peoples themselves. These experiences have only confirmed my opinion that the political and economic pattern of South-East Asia is more complicated today than ever before and therefore needs constant reassessing.

Asian nationalism, the driving force of political thinking and action in Asia, has now entered a stage where it has to merge its idealistic conceptions with the economic problems posed by the underdeveloped state of the region. The South-East Asian situation is further complicated by the fact that the political and economic status of the various countries differs widely. Thus, for example, Singapore is prosperous but still a colony, Burma is poor but free, while some of the other countries, like Thailand and South Viet Nam, are generally considered to be under the influence of the United States to such an extent that they cannot be regarded as absolutely independent.

And yet, whatever shade their governments might have adopted and whatever individual commitments and special problems may characterise the various countries, the people of South-East Asia have some definite, basic ideals which are shared by all of them. They are: 1. Love of independence; 2. Desire for peace; 3. A determination to develop their country and to raise the living standards of their population.

It is sometimes difficult to see the true picture immediately as it is constantly hammered into our minds by well organised and frequently misleading publicity that the main question of South-East Asia is connected with the fight against Communism. This, however, is not the case. Communism, for the ordinary man in South-East Asia, has not the same—if any—meaning as for the westerner. Yet the West, particularly represented by the United States, is mainly concerned with the area in order to prevent it from falling into Communist hands. For this reason, millions of dollars are being pumped into the region every year, especially or almost exclusively into those countries whose governments agree to cooperate with American ideas regarding the Communist danger and who are prepared to gear their country's destiny to military or ideological alignment with the United States.

This applies particularly to Thailand and to South Viet Nam, while SEATO commitments in Singapore and the

Federation of Malaya are being maintained by Britain. The outside world, including the United States, has thus the impression that a firm anti-Communist bulwark has been erected which will hold against Chinese aggression and prevent Communist subversive activities. On closer inspection, however, this does not seem to be the case and there is a general feeling among all the nations I have so far visited, that the dollar connection, while useful in many respects, carries the danger of an un-Asian commitment which threatens to involve their country in a situation which actually brings them nearer to war than to the peace they desire. Not one single leader I spoke to in confidence believed Communist China to be aggressive. The only two places where there was fear of Communism was in Singapore and in South Viet Nam.

However, in Singapore it was not the opinion of the people, but the private anxiety of Mr. David Marshall who insisted that the Chinese population of the colony was riddled with Communists and that, if Britain did not give him exactly the independence he wanted, they would strike with terror overnight. He overdid the rumbling volcano trick to such an extent that he achieved exactly the opposite from what he intended: Britain became so frightened of the lurking Communist danger in Singapore, that she did not dare to hand over control of internal security to Mr. Marshall. As Mr. Marshall refused to recognise a Communist party legally, no one in Singapore has an idea how strong the Communists actually are, a state of affairs which has its latent dangers, as it may lead to hysteria and general suspicion and eventually to unpleasant and not exactly democratic police measures.

In fact, Singapore's chances of becoming what Mr. Marshall called a "Communist Republic" are very slight indeed. This prosperous brokers' city lives—and lives well—owing to the capitalist system. If no ships were to call there, and if the free port were to cease to function, gone would be the fortunes of Singapore, an island without industries and utterly dependent on its world trade. Just because the majority of Singaporeans are Chinese, and just because China is Communist, it is a great mistake to believe that all of them wish to enact a revolution. In fact, there are other issues which occupy the minds of the Chinese in Singapore as well as in the neighbouring Federation of Malaya, which is about to become independent soon. These issues are based on the national problem.

It has been British policy in the past to help the Malays to assert themselves against the Chinese who number just

48 percent of the population and who threaten to grow into a majority fairly soon. As Singapore is 80 percent Chinese, Malaya plus Singapore would actually contain a Chinese majority, and it was for this reason mainly that the island was not taken into the Federation. Moreover, the Chinese are thrifty, clever and industrious and compare in drive and ability favourably with the Malays who naturally fear Chinese dominance. This situation has actually led to some gross injustices *vis-a-vis* the Chinese who have not been given the same citizen rights as the Malays.

During the period of negotiation with the British authorities for independence, the main Malay and Chinese parties united and agreed to shelve their differences until independence would be won. The leader of the United Malay National Organisation (UMNO), Tunku Abdul Rahman, and the president of the Malayan Chinese Association (MCA), Dato Sir Cheng-lock Tan, worked and still work closely together in order to avoid communal tension. However, the approaching achievement of independence precipitated fears on the side of the Malays and demands on the side of the Chinese, and threatens to take serious proportions if a compromise is not reached soon. It seems logical that those Chinese born and bred in Malaya should have the right of equal status if they choose to claim their citizenship. This is the real issue in Malaya today, and only an honest and justly carried out creation of a Malayan nation, consisting of Malays, Chinese and Indians as well as any other nationals entitled to it, will prevent bloodshed and far greater trouble than the few thousand Communists constitute in the jungle. Living standards in the Federation are as low as in any other undeveloped country, and the war against the Communists is dragging on as no enthusiastic cooperation can be secured from the population. It proves, as was the case in Viet Nam, China and Korea, that Communism cannot be fought with arms. As long as the people are not given land and a higher living standard, they have little which they consider worth

while defending.

An effort in this direction is being made in Burma. To develop her own resources, she will have to eliminate the remnants of the KMT forces which, after the defeat of Chiang Kai-shek, crossed over to Burmese soil and which still threaten communications and development establishments in Burma's northeast provinces. But as U Ba Swe, the new Prime Minister of Burma, told me, he is giving this problem his major attention, and hopes soon to solve it.

There have been criticisms in Burma about Britain's lacking interest in Asian development. It seems, however, that these accusations are not justified. Apart from substantial loans advanced by the United Kingdom to Burma, considerable help has been extended to her under the Colombo Plan. This plan—an expression of friendship and cooperation—was originally started by the United Kingdom and the Commonwealth countries. Since then other countries have joined the group: Burma, Japan, Cambodia, Indonesia, Laos, Nepal, the United States, the Philippines, Thailand and South Viet Nam, but its working is comparatively little known. The Colombo Plan is working patiently and quietly, without ostentation, matching resources to the technical training needs of its member countries. And Burma alone was able to send 200 scholars abroad under the provisions of the Plan, a great many of them to Britain.

In this connection it should not be forgotten that British interest in Asia in general has never slackened. One of the best examples is the extensive Far Eastern network of the BOAC. This airline, at a time when pioneering communications could be introduced only at high cost, maintained throughout the most difficult times an admirable air link with Asia. That competition has grown since then in no way diminishes its merit as one of the main assets of Britain's connection with Asia. Even today, Japanese hostesses on BOAC airliners are an indication of the strong British effort to adapt herself to Asian susceptibility.

Progress in India's N-E Frontier Agency

By Amit Kumar Nag (Silchar, Assam)

THE North-East Frontier Agency consisting of an area of some 35,000 square miles, is situated on the north-east corner of India, bordering Burma, China, Tibet and Bhutan. In this country of vast wildernesses, green forests, red rivers and blue hills, the human scene is infinitely varied. The population of the accessible regions is only 800,000, but it is believed that a population of nearly a million of more than twelve different main tribes inhabit the strategic Agency tracts.

The thick and impenetrable forests, the fear of mutual invasions and partisan tendencies have kept the people divided into a number of tribes, sub-tribes and clans which have maintained an independent and isolated existence over many years. From the psycho-political viewpoint, in the majority

of cases there is no corporate or formal unity even as a tribe. Generally speaking, the unit of existence is a village to which the loyalty of all its inhabitants is collectively offered. In certain cases the sense of unity may extend over a few villages but no more.

The North-East Frontier Agency Administration has during the last few years intensified its activities to secure an all-round development of the people, not by breaking entirely with the past but rather by using the best elements on which to build up a better life. In the words of Prime Minister Nehru, the Administration's first task is to "inspire these people with confidence and to make them feel at one with India and to realise that they are part of India and have an honoured place in it."

In translating these ideas into action, in making an attempt to evolve a programme of development for these people, care has been taken to keep in view two important factors, firstly, the pride of the people in their individual villages or groups of villages; and, secondly, the sharp differences in the advancement of the various peoples. On the one hand, the development programme must satisfy the true aboriginal in his forest habitat, and on the other, the partly transformed tribesman who has changed to such an extent that he is a tribesman only by birth.

To summarise briefly, the most important aims in the preparation of the development plans in the North-East Frontier Agency are: self-sufficiency in food, the eradication of disease, literacy and education, the preservation of tribal culture, and improving communications.

Today, the anxiety which formerly darkened the lives of so many of the tribal people is becoming a thing of the past. Throughout the region, a new feeling of peace and security is taking root, and the idea of inter-tribal and inter-village cooperation is spreading. In the old days, some tribes kept slaves, although they were usually not badly treated. Today, the Administration's attempts through education and propaganda have been largely successful in that hardly any new slaves have been made and quite a few of the older slaves are being set free.

The inhabitants of the North-East Frontier Agency are independent and self-reliant, and the aim of the Administration is not to help them by merely giving them "hand-outs" which might easily destroy their traditional habit of self-reliance, but by teaching them improved methods of production. The development of agriculture has been given a high priority. In the last five years over 16,000 acres of land have been put under cultivation, and the target now set before the Administration is to make this region completely self-sufficient in food at the end of the Second Five-Year Plan period, that is, by March 1961.

The North-East Frontier is not a very healthy region to live in, and its people urgently need the benefits of modern medicine, but to introduce new methods of healing has not been very easy, for the tribals believe that disease is caused by evil spirits, and must, therefore, be treated by magical and sacrificial means. But slowly and gradually the doctors are overcoming opposition. In certain tribal areas the Government is known as "medicine" because of the Administration's crusade against diseases. This fact by itself is a fitting tribute to Government endeavour. And at present 70 medical units are functioning in the area.

The opening up of communications, in this connection, is doubly important, since the lack of communications makes every form of welfare difficult, but during the last few years nearly 205 miles of motorable road, over 1,000 miles of tracks and 125 miles of paths have been made. The Second Five-Year Plan is designed to provide for about 500 miles of all-weather roads, and some 3,000 miles of bridle paths.

Education, too, was neglected in former years. In 1947, for instance, there were only 2 Lower Primary Schools throughout the Agency. During the last 8 years, 152 Primary Schools, 16 Middle Schools and 2 High Schools have been established. The academic standards of these schools is stated to be "satisfactory." An important point is that the Government of India have decided that teaching in primary classes and even in higher classes, whenever possible, should be through the medium of tribal dialects in Nagri script. Considerable attention has been paid to the fact that in no circumstances should the system of education tend to divorce students from their normal life. The curriculum of studies has hitherto been according to the conventional pattern, with necessary emphasis on instruction in crafts and agriculture. Almost all the schools have a large agricultural plot where the students are taught improved methods of agriculture. The teaching of crafts is also a compulsory item of school activity. The system of education has, therefore, been made multi-lateral in character so that reading and writing are suitably combined with instruction in agriculture and crafts which form the livelihood of the tribal people.

The spirit of cooperation which is found in all tribal people is further encouraged in the students by enlisting them for jungle clearing, road repairing and village cleaning schemes.

The problems confronting the Administration of the North-East Frontier Agency will require special handling for many years to come. In the Indian federal union the Agency is the only tribal area under full central administration, the reason being its strategic importance as well as its backwardness, and China's refusal to recognise the McMahon Line as the boundary between India and China has increased the area's significance. The National Planning Commission of India has sanctioned a sum of Rs.10.5 crores for the Agency's Second Five-Year Plan. This is the largest per capita allotment of money for any unit in India. Despite the lawlessness in the adjoining Naga Hills, it can be said that the progress of the North-East Frontier Agency seems assured.

The Administration lays a great deal of stress on the encouragement of cottage industries, and in various training centres the people are taught many kinds of home industries.

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The culture of the tribal people is in many ways well adapted to their environment, and shows a highly developed creative and artistic sense. Their weaving, which is remarkable for its design and use of colour, wood-carving, and work in cane and bamboo, is of a high quality. The function of the Cottage Industries Training Centres is to preserve and develop the beauty and technical skill which exists already.

The improvement of conditions in the North-East Frontier Agency has only taken place during the last few years. During British rule, almost nothing was done to assist the aboriginal inhabitants of the practically unadministered Agency. With meagre means of livelihood, a tribe had to struggle hard for its existence and, as a result, there was

continuous warring between the tribes. In 1947 there were only 8 administrative centres in the whole of the Agency, but today 66 new centres have been opened to undertake the penetration into hitherto unadministered tracts.

The development of agriculture within the Agency had also been completely ignored in former years, but already there are signs of progress—food production, for instance, has increased considerably. On the administrative side the agricultural staff have penetrated into very difficult localities and reached the almost inaccessible tracts around the Area's frontiers, where they are actively helping the people with materials and technical advice. Generally speaking, the response has been encouraging.

A Tory View of Indian Neutralism

By Lord Birdwood

THREE seems to be no particular reason why Tories should view Indian neutralism in any way which would differ from the approach of Socialists. After all, Socialists, with some notable exceptions, have fully supported manifestations of western realism such as the North Atlantic Treaty and the Baghdad Pact. If, therefore, a Tory writes of his views on neutralism he does not necessarily imply an attitude in contradiction to the views of Her Majesty's opposition. All he seeks to establish is that as a Tory he experiences certain definite reactions to Indian neutralism which may or may not be shared by others of different shades of political opinion.

It is the claim of the western realist that his outlook springs from an experience which was unique. The circumstances of history and geography dictated that the second world war should close with a number of European countries exposed to Communist physical and ideological expansion. Whether the process was political penetration or military threat, one by one the nations of Eastern Europe were sucked into the Empire of a rival system of existence. Eventually, in 1948, with American moral and material encouragement, we came to the conclusion that the only way to halt the process was to draw a "thus far no further line" across the map of Europe and indicate that in the last resort we would fight in defence of our soil. It was our claim that if a power or group of powers demonstrates by certain and unambiguous measures, that it is prepared to make sacrifices in order to take out an expensive insurance policy, in the process it also goes a long way to halt any moral and political subversion within its own frontiers. Over the years it looks as if in Europe this policy has been successful; with the result that the Atlantic Powers are now searching for ways and means to implement economic cooperation and plans which may be initiated under Article 2 of the Treaty. The shooting war is a distant threat lingering

in the background. The war of words, of brains and ideas is on.

One feature of Indian neutralism which irritates the West is the tendency to ignore this western experience. When Mr. Nehru visited Vienna in the summer of last year he was reported to have doubted the existence of a barrier. "Iron Curtain? I haven't seen one," was his reply to some close questioning at a press conference. It was an unfortunate comment in Vienna of all cities in the world, where only a mile away he could have seen the curtain as a stark reality. But in so far as the remark sums up all that appears woolly-minded in neutralism it serves to underline the circumstances by which the bitter experience of the West is unknown in the East. We have won our safety in the hard way. We do not necessarily ask India to adopt our methods. But we do expect an understanding of the process by which we saved ourselves and a recognition of the achievement.

If that much could be appreciated in India, in turn the British Tory party would the more readily accept certain features of Indian neutralism which have their obvious appeal. The desire to keep war—whether hot or cold—far removed from one's frontiers is natural and human. Furthermore, if neighbours can be persuaded to adopt the same attitude, all the more likely will be the security of the homeland from the infection of war fever. The more certain will be the availability of the national income to get on with those giant plans of development which so rightly capture the minds of all intelligent citizens of India. Where then is there room for further criticism?

I think the answer lies in a careful appraisal of the meaning of the term "neutralism." Does the neutralist, if he is faithful to his philosophy, remain neutral in *thought* as well as *deed*? I hold that he does. Honest neutrality refrains not only from arms and armies but also from moralisation. Mr. Nehru once made a remark to the effect that he did not like putting people in the right or the wrong: and yet he

The author, a supporter of the British Conservative Party, has written three books on aspects of India and Pakistan.

seems to have spent much of the last five or six years doing just that; putting people right or wrong. Nor can the westerner have any quarrel with him for doing so. The only criticism we could levy is that thereby he ceases to be neutral. It all looks rather as if only countries such as Switzerland or Sweden which are small in a physical sense, can avoid the temptation of joining in the ever-constant chorus of international disputation and could therefore claim to have reached a complete neutrality. A large country, more particularly one which seeks to play its full part in moulding international relationships, can never really merit the label of "neutral."

The intricacy of a neutral status was recently indicated by Mr. Nehru himself. At a press conference in London on July 5, Mr. Nehru spoke of his policy in these terms. "I do not like the term 'neutralism.' The word is usually used in wartime. In peacetime it indicates a sort of war mentality...." He went on to argue that so far as India was concerned neutralism meant that each situation had to be judged on its merits. This is where East and West part company. It is quite true that all talk of neutrality assumes what may be termed a "war mentality." But there are different interpretations of the term. If a vision of ever increasing arms and armament is implied then indeed such an approach can have little support from either Tory or Socialist in this country. But if, in contrast, the war of men's minds is a legitimate interpretation, then most emphatically I believe

that such a war and its propagation is the bounden duty of every citizen claiming to live within the broad shelter of democracy. The reflection, that democracy contains every freedom except the one which permits itself to be destroyed, should be the guiding principle for those who uphold the liberty of the mind; and it permits of no neutrality in this particular but ever widening field of warfare.

Tories recognise that there is a more obscure psychological background to Indian policy. I refer to the alleged legacy of a colonial origin. Colonialism is regarded as a greater danger to peace and stability than Communism. It is here that the Tory approach differs from that of Socialists. An analysis of our differences would constitute a separate story—long and involved. But in so far as the West is associated with colonialism while the Communist world is not, it is pertinent again to recall that the West could provide examples of Communist colonialism far more oppressive than anything inflicted by a western dispensation. To ignore oppression in one direction and condemn it in another may be accounted for by past history. But it is not neutrality. Some might regard it as dishonesty. Others, more tolerant, would pass it off as mental laziness.

Finally, let it not be assumed that in the passionate advocacy of a policy of mental aggression, the British Tory or anyone else has in mind personalities. One idea can only be conquered by another idea.

GANDHIAN ECONOMICS

By L. Delgado

IT is always difficult to differ with a saint without laying oneself open to the charge either of heresy or of materialism. The dilemma is no less easy to resolve when we are dealing with a saint of our times. Gandhi has had—and still has—an enormous influence on Indian affairs, and many of his followers are uncompromising still on his philosophy of self-sufficiency.

Gandhi was profoundly affected by the grinding poverty of the great mass of the people. He knew that in the India before the coming of the British there had been many diversified rural or cottage industries that, with agriculture, had been sufficient to keep the people employed. At that time the population of the sub-continent was about 100 million, and it is possible that at that stage of development this number represented the optimum figure. Disease and the consequences of droughts and floods, together with a disastrously high child death rate, kept the population at this level for centuries.

With the coming of sanitation and medical services the birth-rate increased enormously, so that the population of India alone (i.e. excluding Pakistan) is now about 360 million, and growing rapidly. In spite of the growth of industry and

improvements in agriculture (especially through irrigation), this number is far above the optimum. The result is that the Indians are among the poorest people in the world, with an average income of less than £10 a year. It was this shocking situation that led Gandhi to suggest that the home spinning and weaving that had once flourished in the country should be revived on a large scale. It should be said here that when Gandhi first suggested this in 1908, he intended it simply as a socio-economic measure: the political aspect—the boycott of foreign textiles—had not occurred to him and would, in fact, have been distasteful to him.

It was not until the 1920's that this movement became widespread in India, and by this time the political climate was changing so that by the thirties when stocks of foreign cloth (mainly from England and Japan) were publicly burnt and fresh purchases withheld, the idea of independence in a wider sphere was being canvassed. Politics had taken a turn in events. The new policy was *khadi* (cloth), *swadeshi* (self-sufficiency), *swaraj* (self-government).

Aside from its political aspect, which does not concern us here, the policy of self-sufficiency is disastrous to the individual, to the village, and to the nation. Such a policy involves the abandonment of the benefits derived from the specialisation of labour and its territorial division, an ideal

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towards which civilisation has been working from earliest times: even now the process is far from complete. Pushed to its logical conclusion, it means that each individual shall be forced to supply all his wants himself—to make his own clothes, to grow his own food, to build his own house, and so on—without taking advantage of the special skills of his fellows. With specialisation of labour, each person does that for which he has most aptitude and exchanges the produce of his labour for those needs he has less relative advantage in producing. We should remember, in the same connection, that the use of machinery not only enables us to complete processes much more quickly, but enables us to do things that man by himself cannot do.

There seems little doubt, as I hope to show later, that Gandhi intended the self-sufficiency movement to be limited to the manufacture of cloth, but millions of Hindus, not otherwise active followers of the Mahatma, ardently desired the attainment of complete *swadeshi*. The principle of the division of labour may appear elementary to us, but these people had no idea of the deplorable consequences that ensue from its neglect.

A measure of Gandhi's influence may be gauged from the fact that India's first five-year Plan, and to a lesser extent the second five-year Plan, depended largely upon the development of cottage industries. It was believed that these industries would be able to absorb unemployment and to satisfy normal consumer demand, thereby avoiding the inflation on which, in fact, the Plan was nearly wrecked. The Planning Minister, Mr. G. Nanda, was severely critical of these industries before the executive of the Congress Party in September last year. He roundly declared that he did not believe that cottage industries could do what was expected of them. He pointed out that they suffered greatly from under-employment, that they were badly organised, and that while their techniques were poor their production costs were high.

It is the contention of the writer that Gandhi did not consider his advocacy of cottage industries as unalterable for all time. From a study of his character, it seems that the local manufacture of cloth was intended only as a corrective to the evil of poverty at a given time. When this evil had passed, there can be little doubt that Gandhi would willingly have accepted the modern industrial system. He himself said that he was not opposed to machinery, but to the "madness of thinking that machinery saved labour." He maintained that the machine was helping a small minority to live on the exploitation of the masses. We know that this may be true on rare occasions, but it is incontrovertible that machinery enables many more people to be employed than before. This is so chiefly because machinery cheapens production, leading to an enormous extension of demand for its products. The poverty that Gandhi saw was not due to the labour-saving machinery but to the calamitously primitive agriculture on which 80 percent of the people (i.e. most of the internal market) had to live: conditions were made worse by the constant pressure of the increasing population.

The report of the International Monetary Fund's mission which visited India in 1953 stressed that the main problem was the poverty of the people. In fact, the standard of

living of the people had deteriorated since the end of the war and was one of the lowest in the world. The living standards of the masses were such that they could not provide the resources (i.e. by savings) for the five-year development plan. With agriculture and industrial production at the low level ruling at that time, the plan could be financed only through inflationary measures. This was in fact what happened, and only the most heroic measures on the part of the Government saved the situation.

This reassessment of the principle of *swadeshi* is not to suggest that all of Gandhi's principles were equally fluid. There were some—that of non-violence is one—that were of universal application. Gandhi was *actively engaged*, not merely through theoretical writing, in improving the lot of the people, and one of the measures he proposed was that of employing the landless in times of distress. Remove the distress, and you can remove the cure. His pointing of the way was not static; it was progressive. Even if Gandhi had no intention at first of making this policy adjustable to circumstances, it seems certain that he would have modified it in the light of events and even abandoned it altogether if need be.

The Mahatma was eminently practical in his measures: for example, although opposed to the sacrifice of all kinds of life, he would not, like Buddha, sit immured throughout the rainy season without venturing out for fear of stepping on some small beast. That he was willing to run this risk to his after-life for the betterment of others is proof that he would not hesitate to amend a principle that had outworn its use. This, of course, is not new. In various religious faiths we have examples of certain lines of conduct having been modified to meet changed conditions.

As a matter of fact, the Government has now abandoned *swadeshi* as an instrument of economic recovery and India is today proceeding with her reequipment on traditional western lines. Her chronic shortage of savings has obliged her to seek capital from foreign sources, either by direct loans from the World Bank or by allowing foreign participation in the equity capital of Indian industry (e.g. through the Industrial Credit & Investment Corporation) or by permitting foreign firms to build, equip and manage new projects.

The Gandhian ideal is not dead: there are many opponents to industrialisation who take the manual spinning wheel as their symbol. But to go back to the village is to condemn India to mass poverty and worse, for her present population cannot be maintained on that basis. Gandhi would not have approved.

The Mahatma's early influence is still felt, it is true, but it is a dying force. A sign of the times was the closing down of *Harijan*, Gandhi's weekly paper, at the end of February. It had been incurring heavy losses since 1950, due mainly to dwindling circulation and incidentally to the principle laid down by Gandhi himself that no advertisements should be accepted, an example of a static policy that was no longer in step with the times.

The writer is convinced that had Gandhi still been alive he would have adjusted his policy to events without any sacrifice of principle, and this would have taken place without any accusations of heresy or materialism.

BURMA'S GROWING STRENGTH

By *U Ba Swe, Prime Minister of Burma*

(In an interview in Rangoon recently with H. C. Taussig, Editor, EASTERN WORLD)

BURMA is a strong and potentially rich country. However, she suffered greatly during the war, and we still have to face many great problems of reconstruction and rehabilitation. Furthermore, the post-war years were characterised by serious rebellion and upheavals which made the full exploitation of our resources impossible and almost entirely disrupted our communications system. These circumstances considerably delayed our reconstruction efforts. Also, we did not—and never shall—accept such type of foreign aid which, in our eyes, is likely to restrict our hard-won national independence. Thus Burma's post-war struggle of recovery was a hard and lengthy one. Yet, while our problems are by no means solved, our substantial



U Ba Swe

achievements and the strength of our country's position today, are not sufficiently known abroad. And it is a vastly different position today from what it was only a few years ago.

Between 1949-50, the various rebel groups in Burma were well organised. Today they are no longer active as a force and can be disregarded. At that time, they held large portions of Burma's territory. Today there is not a single area in their hands. At one time, there were 12,000 to 15,000 KMT forces on Burmese soil. Today, there are no more than 2,000 left, and they do not form one cohesive group, but are split up into small bands, roaming near the borders of Laos, Thailand and China. It is my intention to deal with these last remnants of Chiang Kai-shek's mainland army, as their presence impedes our reconstruction efforts. These KMT are just a tool of their leaders who organise smuggling parties to keep themselves alive and who occasionally raid small villages. They are half starved and demoralised. The People's Republic of China has offered them an amnesty, but they apparently do not trust their former enemies. However, they do not wish to go to Formosa either and seem to prefer staying in Burma. Within the next few months they will have to choose between annihilation or surrender, but those who surrender will be given a choice to settle down or to leave the country.

Our greatest problem is that of reconstruction. During the war, nearly 50 of our towns and cities were razed to the

ground, which means that one third of our towns were totally wiped out. Now we have completed part of our reconstruction programme by building up again some of the destroyed cities, like Prome, Akyab, etc. Land nationalisation has started on a big scale. The first stage is the distribution of land to peasants, including farm labourers. Now we have to equip them with implements and cattle. During the first stage the farmers form mutual team groups of ten to fifteen, and acquire and pool equipment. During the second stage, they combine into cooperatives. We reckon that we shall have completed the distribution of land in 5 years' time.

Another problem facing us is the reorganisation of the administrative machinery which today is too slow to cope with the speeding up of our reconstruction programme. The civil services are well trained, but suffer too much from "red tape." We have formed reorganisation committees to improve this state of affairs, and intend to introduce a comprehensive decentralisation of our administration. As the recent elections have shown, our Government is strong and has the confidence of the people. Communism will not come to Burma, as we offer an alternative. Eighty percent of our people live in villages, and we give priority to the country districts in welfare and reconstruction. The townspeople come only second in line. We think of the stomach of the nation. That is why Communism will not take root in Burma.

Our Government has guaranteed the price of rice and other crops to the peasants, and this is giving them a satisfactory degree of economic security. But what the peasants most need now is peace of mind and absence of fear from insurgents. In 1950, the combined total of the rebels amounted to 40,000. Now, there are no more than about 3,000 to 4,000 left, but their leaders are on the move, and they do not operate in groups, but in small pockets of 50 or 60 men. Within half a year, the country will be cleared of them for the following reasons: our army is efficient; we fight them in the political field as well; and the Government is scoring in the social field, as successful welfare work gradually improved the lives of the people who resent the continued molestations of the insurgents. Thus our case is quite different from the Malayan problem, as our rebels do not get the support of the people. They just manage to continue in little pockets because of the many arms and ammunition dumps left in the forests by the fighting armies during the war. Had we not had the KMT problem on our hands, we would have been able to solve this problem easily at a much earlier date, particularly as the rebels do not get any support

from the outside.

The approximate state of the rebels is as follows: The KNDO organisation of the Karens is without leadership since Saw Ba U was killed. As a political movement they no longer exist, but two remnant groups, totalling 200 to 300 men in all, continue with banditry and looting. The MNDO of the Mon is finished and their few remnants have joined the KNDO bandits. The Red Front Communists had no more than 500 followers from the beginning. There remain only 50 or 60 of these extremists, and they will die a natural death. The White Front Communists, on the other hand, were well organised and strong a few years ago. They had big areas under their control and their own administration, as well as their well equipped Red Army. At present they have no rich land in their hands, the Red Army has broken up either by way of surrender or through losses in action. But there are still about 2,000 who remain active and who are being dealt with.

Burma is a small country, and cannot maintain a big army. But we intend to transform our army into a National Service, and in ten years' time we shall have trained one million young men who, in an emergency will be able to defend the country and in peace time will help reconstruction. By the middle of 1957 or beginning of 1958, we shall introduce this National Service which will train people not only militarily, but also in various trades. After six months of military training, conscripts will receive six months instruction in various other occupations according to their choice, gifts and inclination which, however, will have to be in conformity with the needs of the country. After that, another year will be spent by them in land colonisation, road building, the reconstruction of new towns and other activities in the interest of the national development plan. After two years National Service men will, therefore, constitute a military reserve and at the same time a well trained skilled labour force which can be usefully employed in industry. Special attention will, of course, be given to agricultural training, as our industries are too small to absorb such numbers. We do not want to train men to be unemployed and thus lay the breeding ground for dissatisfaction. Indeed, we intend to turn the army into some kind of school for future pioneers, and we are thinking of additional agricultural commodities to be planted by them instead of rice. For example soya beans, tea, coffee, rubber and jute will play an important part in that scheme.

Like any other independent country, we wish to have an efficient army, but also a peaceful defence force, as our people are for independence on neutral lines. Our policy is based on the principle of coexistence. International tensions are showing signs of relaxing, and if we believe in the peaceful solution of all tensions, we need not fear one another. Thus I have no fear of China. She has her own problems on her hands, and for at least the next 10 years will live in peace. But even afterwards there is no need to fear her, as she has no aggressive policy. I believe that differences can be solved by meeting around the same table, and we are convinced that Asian problems can certainly be solved by those means.

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ASIAN SURVEY

INDONESIA FACES THE FUTURE

From Alex Josey

(EASTERN WORLD S-E Asia Correspondent, recently in Jakarta)

INDONESIA has two major problems. One is effectively to break Dutch control of trade and economy. The other is internal security. Someone wrote in a book nearly two years ago that insecurity in Indonesia had become as much a part of daily life as the heat, with a result that the abnormal had, in a sense, become normal. This is still true of three areas in Indonesia. Darul Islam terror gangs (who want to make Indonesia an Islamic State), and other private armies of political discontents continue to control parts of South Celebes, North Sumatra, and West Java.

During the course of an hour's conversation, Dr. Ali Sastroamidjojo, Indonesia's bearded Prime Minister, claimed that on the whole security had definitely improved. He admitted that the three trouble spots were a bit of a nuisance, but he did not appear to be unduly worried. General Nasution, 38 year old Chief of Staff of the Indonesian Army, whom I interviewed later, did not share the Prime Minister's cheery optimism. The General's job is to reform the Army while settling the security question. He is not finding it easy. He needs money, and oddly enough, fewer men in the Army. His plan is to reduce the size of the Army, now some 240,000 irregulars, mostly veterans from the Revolution of 1945-50, to a fairly small, compact but highly trained, regular Army. This new Army he wants to be supported by a nationally organised, but locally centred Home Guard. Home Guards, recruited locally, would be conscripted for two years' national service under local officers. They would normally serve in their own district; but from an operational point of view the Home Guards would be part of the national Army.

General Nasution's overall scheme, and his Home Guard idea, have still to be approved by the Government. Indonesia now has a freely elected government, and General Nasution is hopeful that the old suspicious attitude of the politicians towards the Army will disappear. In the past, there was constant antagonism between the soldiers and the politicians. On more than one occasion the Indonesian Army, with its seven powerful regional commanders, interfered in political affairs, locally and nationally. Indonesians have not forgotten how the soldiers, a couple of years ago, raided the Parliament building and trained their guns on the Presidential Palace. This was never intended to be more than a gesture, a demand made in the name of the people, that the nominated Parliament should dissolve and general elections be held without further delay.

Understandably some politicians still wonder how much the Army would meddle in future political affairs. This fear in Parliament might cause delay, even opposition to General Nasution's hopes. In addition it must also be remembered that many of the officers in the Army are members of the Socialist Party. This is one of the smallest, numerically if not in influence, in the House, but the other parties are jealous of its position in the Army. Thus, for one reason and another, General Nasution might find it difficult to get all the money

he needs—firstly to train his Army and raise the Home Guards, and, secondly to conduct widespread operations against the rebels.

Currently, Indonesia spends less than 26 percent of its income on the whole of the armed forces and their security operations. If the General can get the money and backing he wants he reckons he can clear up the mess in Indonesia in three to five years; produce a smart modern Army within ten. Even with Parliamentary support, much will ultimately depend upon the Cabinet's priorities. Indonesia is impatient to get working on her first Five Year Plan of industrialisation and reconstruction. She has great natural wealth—tin, rubber, gold, coal, oil, rice, fruits—and, with a population of 83 million, ample manpower. "Give us technical knowledge, machinery and capital goods," remarked Dr. Ali, "and within ten years we will raise Indonesia's standard of living to near that of the West."

In principle, Indonesia is willing to receive aid from any nation which is prepared to give it without strings. Russian aid has already been offered and will be accepted: it will probably take the form of capital goods and technical skill. Increased assistance from the United States is also expected. Relations between the United States and Indonesia are improving, Dr. Ali told me, because he thought America was understanding better the desire of the newly independent countries to remain uncommitted to any *bloc*. On paper, Indonesia's first priority is the effective breaking of the Dutch monopoly in trade and finance; for nationalistic reasons, next comes the quarrel with the Dutch over the future of West Irian; then is listed the need for planned reconstruction and the replacement of a colonial economy by a national economy based on the needs of the people. Modernisation of the Army is next in the list. Later in the scale of urgency is national compulsory education. Most Indonesians realise, however, that the key to all the problems is internal security, the securing of which must depend upon an improved Army and planned operations.

In theory, the agreement which gave the Dutch the right to continue their colonial trade monopoly and financial privileges has already been torn up; but everyone knows that in actual fact the Dutch still operate the banks, the shipping, and most of the trade. A State Commission had been set up to work out the practical details of physically taking over from the Dutch. Dr. Ali told me he had hoped to get their recommendations (the oil industry, partly owned by Dutch, British and American interests is not expected to be nationalised, so long as it is "developed in the interest of the country"), sometime in June; but I think even the Prime Minister would have been rather surprised if he had. A great deal of technical work is involved.

Until this Report is adopted, the whole of the Five Year Plan and the Government's national, planned, economy, is almost certain to be affected. This in turn is bound to have

some repercussions on General Nasution's hopes and schemes. In one way and another a great deal might depend upon General Nasution. He is fiercely anti-Communist, a good Muslim, and he hates corruption. Sutan Sjharir, former Prime Minister, told me frankly he believed corruption to be spreading at an alarming rate in the civil service. Morale in the Army was not good because the soldiers were uncertain of their future in the service. People who knew General Nasution well, said he was the sort of man who could spread idealism, if given a chance. If properly organised the Army and the Home Guards could set a standard, as the Communist soldiers did in China, of public service, reliability and incorruptibility.

Meanwhile, the Indonesian Communist Party, over a million strong (they got six million votes in the election, entitling them to 39 Members of Parliament), are watching and waiting—and strongly supporting Dr. Ali's Government, although they have no representatives in the Cabinet. If the democratic experiment fails, through corruption or any other

reason, the Communist Party, which is extremely well organised and brilliantly led, will be ready to take over instantly. Sutan Sjharir believes the regenerating strength of the Indonesian people will prevent democracy from collapsing. But, as a former leader of the underground during the historic revolt against the Dutch, Sjharir would also be the first to admit that something more than hatred of colonialism, which united the Indonesian people in a common cause, is needed now to sustain the hope that Indonesia can develop quickly, given reasonable assistance from outside. Productivity must increase; the stifling clutch of bribery and corruption must be removed.

In spite of what Sjharir says, my own conclusions are that if efficient, ruthless Communism is not eventually to take all in Indonesia by default, then democracy must produce a national spirit in this youthful republic which, at least in fervour, is comparable to Communism. In this respect the coalition Government headed by Dr. Ali is on trial.

POLITICAL PROGRESS IN NEPAL

From A Correspondent

SINCE the Interim Constitution of 1951, establishing a constitutional monarchy, the struggle for popular government still continues in Nepal. Little progress has, however, been made towards democracy because of the continued royal proclamations and practice. There are several reasons for this. First, the mass of the people do not understand democratic principles and sometimes oppose the introduction of democratic measures. Several political leaders are concerned with their own and not the country's welfare, while nepotism and corruption are rampant everywhere. This situation is aggravated by the country's poverty and its strategic position which has caused rivalry between several foreign powers.

Therefore, the King has a heavy burden in maintaining national unity and modernising the country. His position is such that he alone can maintain stability, and no party dares seriously to criticise him. Since King Mahendra succeeded to the throne in March 1955 he has shown wisdom and sagacity as well as firmness in dealing with the political chaos caused by the rivalry and immaturity of the political parties, and has successfully kept a reasonable balance between India, China and other nations with interests in his country.

Yet governmental activity is hindered through lack of communications as only the more important towns are served by roads and telephones. The administrative machinery neglected until last year is being developed and reorganised. Businesslike methods are being introduced into the structure of a new bureaucracy, and corruption is under serious attack. Still it will take time to eliminate the customs of centuries and produce the required qualified personnel.

At present it is almost impossible to govern the country from the capital for many of the district governors have proved unreliable. Some neglect their duties, while others prefer to run their district in their independent way. Even though the Government has recently tried to overcome these difficulties by appointing more responsible governors, some of the outlying hill districts are run as quasi-independent units by whoever happens to have the power. Therefore, the popu-

lation is restless as a result of its suffering. Many Nepalese are inclined to believe that democracy in a society which is still largely feudalistic will lead to corruption and disrepute. In fact, the only progress made so far towards democracy is that which obliges the Government to come before the people periodically to justify what it has done in an authoritarian manner.

Since the revolution there have been forty political groupings, ranging from the extreme Right to the extreme Left. Their platforms and programmes are essentially the same. They are merely groups following a leader, and it is the leader's personality not the politics that count. Thus they have aided political instability instead of eliminating it. However, in January the King formed the fifth ministry since 1951 with only one party, the Praja Parishad. This party's leader, T. P. Acharya, is now Prime Minister. It is one of the oldest and most respected parties in Nepal.

It remains to be seen how the other parties will accept their exclusion from office. They are all anxious to see the end of the King's direct rule for the sake of democracy and of preservation of the King's prestige. They are willing to serve as a loyal opposition as long as a popular Government could be formed by any party. For the present the parties are restricted to campaigning for the popular election of the Constituent Assembly, which has been promised for October 1957.

There are only five parties which have any real significance. These include the Rashtriya Praja Party, the Nepal National Congress, the Jan Congress, the Terai Congress and the Praja Parishad at present in power. They are the only parties which the King has seriously consulted in the formation of a Government. Although the two others, the extremist Ghorka Parishad and the Communist Party, are forbidden, they are dangerously active. The extreme right Ghorka Parishad is a Rana-supported communal organisation and is strongest in the hills. At present it is working quietly and is attracting several political leaders who want to be on the safe side should the still influential Ranas return to power. It does

not, of course, belong to the democratic parties.

On the other hand, the Communists are working more openly through several front organisations which they have created for the various classes of the population. They follow the party line established in Moscow and Peking, but their success mainly rests on the general dissatisfaction among the poor peasants rather than on ideological appeal. The country's low level of economy is partly responsible for this variety of political parties. The country is poor in raw materials, the forests are mostly useless for the supply of timber, arable land is inadequate for the support of the population, and only a small income is obtained by the cottage industries and trading between Tibet and India.

The Government's main source of revenue is the public printer, and Nepal's most pressing problems today are inflation, currency speculation and black marketeering. Foreign aid and technical assistance is not only helping the Government to try and improve the methods of the peasant and the quality of the soil, but it is also supporting the bankrupt economy of Nepal.

Therefore, Nepal's internal politics are profoundly influenced by foreign powers. It is natural that most Nepalese should think of Nepal's fate as being bound up with India, and accept her policy of neutralism and peaceful coexistence. On the other hand, they regard the Chinese policy towards Nepal with suspicion. Although Nepal has recently been admitted to the United Nations, her one desire is to solve her own problems in her own way free from foreign influence. They can only do this if peace is maintained in South Asia.

SINGAPORE

Why Mr. Marshall Failed

From Our Singapore Correspondent

If it is true that Mr. Lennox Boyd, the British Colonial Secretary and not Mr. Marshall, caused the failure of the Singapore Merdeka Mission to London, why did Mr. Marshall resign and go off to China in a huff? The truth is that Mr. Marshall, Singapore's first Chief Minister, destroyed himself politically in London just before the talks began with the Colonial Secretary, when he insisted that the all-party delegation which he led must follow a "get tough" policy aimed at forcing not only self-government but complete independence.

Marshall's own pet scheme was to present Britain with a draft Independence Act. Having obtained this he would then be willing to hand back to Britain foreign affairs and external defence. On this Mr. Marshall, demanding all or nothing, staked his short and highly publicised political career—and lost. Up until then, the Peoples Action Party, and definitely the right-wing Liberal Socialists, would not have wrecked the talks had Marshall been forced, after negotiations for complete self-government, to take less. Under protest they would still have gone along with him. They said so. The Liberal Socialists in any case were never very fond of complete self-government. When Mr. Marshall demanded what amounted to independence the trouble began, for when, in the end Marshall changed his tune it was too late. His delegation, tired of him, had broken up and were on their way home.

When Mr. Marshall did return to Singapore he resigned. Singapore breathed a sigh of relief. The colony had grown

rather tired of Mr. Marshall's 14 months of political tension and crisis.

Mr. Marshall's political fault was that he completely failed to understand what it was the Chinese really wanted. Much more than independence from Britain they want merger with the Malayan Federation. But first they want a large and effective measure of self-government. Britain is willing to give this right away. The Labour Front Party allowed Mr. Marshall to resign because he came back from London without even this. I have every good reason for believing that the new Chief Minister, Mr. Lim Yew Hock, will re-open talks with Mr. Lennox Boyd very soon, and he will get practically all he wants. What concerns Mr. Lim more than anything else is the attitude of Tunku Abdul Rahman, the Chief Minister of the Federation, towards the amalgamation of Singapore with the Federation. Mr. Marshall wanted Singapore to become an independent State—a Dominion. When he said this he spoke for himself; he had no mandate for speaking in this way for Singapore's million Chinese. They want to link up with the three million Chinese and the three million Malays in the Federation.

The Tunku told me recently: "Honestly, I am not anxious for merger, at least not for some time. The Malays say to me: 'Why should we welcome a million trouble-makers?'" In the past, the Chinese in Singapore, especially the young students, have been noisy, and there have been Communist demonstrations. This caused some apprehension among the Malays in the Federation, who never fail to remember that the Communist revolt against the Government there, which has been going on now for eight years, is almost entirely a Chinese affair. If Singapore joined up with the Federation, the Malays would become a minority in their own country. Most likely economically they would gain, for Singapore is rich, but the Malays, now in power, are unwilling to risk the possibility of letting the Chinese dominate them politically as they dominate them economically. With the British and the Indians, the Chinese run the economy of the country. Significantly, I have never heard of the existence of a wealthy Malay; there are many rich Europeans, many Chinese millionaires. In the Federation the Malays have ambitious plans of forcing the Chinese to share trade with the Malays; they realise that if the Chinese in the Federation get citizenship equality, and if they are joined by a million extra Chinese from Singapore, they would be swamped and their chances of introducing laws which would discriminate against the Chinese would be extremely remote.

Thus, Tunku Rahman speaks for all the Malays when he says he does not want Singapore yet. And Lim Yew Hock, in Singapore, speaks for practically all Singaporeans when he says: We would like to join you. Mr. Marshall, who no longer counts, wants Singapore to be an independent State (the island measures 26 by 14 miles), and so do the right-wing Liberal Socialists, representing the cream of the business interests, but the Peoples Action Party, strongly supported by the workers and trade unions, realise that the destiny of Singapore is with the rest of the Malayan Peninsula. Mr. Marshall used all the right phrases about freedom, and colonial exploitation and the rest of it, and, in desperation moved further to the left than the so-called extremist, Lee Kuan Yew, leader of the Peoples Action Party; but not being Chinese he did not understand what the million in Singapore really wanted.

That was why Marshall, to his surprise, was greeted by no more than a handful of people when he came back empty handed from London.

PAKISTAN

East and West

From Our Karachi Correspondent

To this writer, at all events, it seems that Pakistan was pleased with the Prime Ministers' Conference. Not that the piously feeble terminology of the final communiqué exacted enthusiasm — where there is no fire, there can scarcely be heat — but Pakistan feels that their Prime Minister did well and even if Kashmir was not mentioned in the communiqué, Mr. Mohamed Ali succeeded in establishing, in the minds of his Commonwealth colleagues, the importance of the problem.

It must not, however, be thought that the attention of Pakistan has been devoted exclusively to the Commonwealth meeting since, at the very same time, too much has been happening in Pakistan itself to make that possible. A Trade Agreement has been signed with the Soviet Union on terms which indicate a determination on the part of the Russians to foster commerce between the two countries and, significantly enough, this event happened contemporaneously with the arrival in Pakistan of Russian ships carrying gifts of rice and wheat to help alleviate the miseries of the starving in East Pakistan.

The Soviet Delegation undoubtedly made a good impression. Its members were friendly without being effusive, hospitable without being ostentatiously lavish. They seem to have plenty of merchandise to offer and they have expressed readiness to carry on their business in the only way in which success is possible. Pakistanis are not fools and a cultivator knows that a tractor which is not backed up with spare parts service and technical advice becomes worthless in a short time. The Russians have given assurances that they are ready to distribute their machinery and equipment on precisely these terms, i.e. guaranteed spare parts availability and their own trained engineers in Pakistan to give advice and technical help.

It now remains to be seen how everything works out. Undoubtedly arrangements have been made already by the Soviet Union for the distribution of their merchandise in Pakistan and it appears that in due course, import licences will be issued by the Pakistan Government to enable Russian machinery and manufactured goods to be imported. The appearance in Pakistan of Soviet products in fair quantities seems now to be a close as well as inevitable prospect.

When the signing of the Trade Agreement was announced, the American Embassy in Karachi issued a "hand-out" touching on the subject, written in carpentry as well as inaccurate terms and the apparent intention was to play down the importance of the Agreement. The Pakistani reaction to this was prompt as well as angry and an official statement, applying corrections to the American version, very soon appeared. In producing the hand-out, to which objection was thus taken, the Americans undoubtedly blundered, unless it was a subtle way of testing the true feeling of Pakistan to the Trade Agreement. In either case, the response was clear enough.

The decision to utilise the army to supervise the distribution of food in East Pakistan, where famine rages, has a significance which cannot be ignored. It was taken at the time of the President's visit to East Pakistan and there can be no doubt that even if the proposal did not originate with the

President, he fully concurred in it. Secondly, the decision follows closely upon a statement made by the President that, if necessary, he would be ready to provide soldiers to ensure that when the elections are held, they will be conducted in a free and fair manner.

It would, in my opinion, be wrong to deduce that President Mirza harbours ambitions of military dictatorship, despite his own, often asserted, esteem for the discipline and summary methods of military administration. The correct inference lies in the constant threat of breakdown as soon as the civilians are faced with any sort of crisis demanding effective and energetic action. It is an odd fact that while a small group of highly competent civil servants has been able to acquire an ascendancy in Pakistan, they are too few to manage the administration adequately and behind them exists a force of men in too many instances unqualified and incompetent, who have been promoted beyond their deserts or their capacities and whose constant and main pre-occupation in life is to cling to positions which they have not the brains to occupy satisfactorily.

The young entry is, undoubtedly, promising, but some years must elapse before the comprehensively trained recruits can take up posts of responsibility. Meanwhile the civilian administration labours under grave handicaps which makes it necessary, even now, to have recourse to the Armed Forces for help in times of stress. The extent to which the public mind will be influenced by these circumstances, is a matter of interesting conjecture.

CEYLON

Internal Problems

From A Correspondent

The outside world in general and Britain in particular are very interested in the fate of the Ceylon tea industry and the six year development programme, the latter having been prepared last year by Sir John Kotelawala's deposed United National Party.

Mr. Bandaranaike took the opportunity whilst in London to clear a few of these points and despite earlier misgivings (not shared by the British community in Ceylon) it would appear that there is no intention at present of taking the tea industry under the Government's wing. Nevertheless, the Government intends to devote its urgent attention to all facets of agriculture and food; rubber and tea will get prior consideration in its plans. The rehabilitation of the rubber industry in particular will have instant consideration.

The Prime Minister described the previous Government's six year plan as "not a plan at all, but a series of proposals." It will, therefore, be reviewed and to this end a properly composed planning commission will be formed. With regard to foreign capital, this will be wooed on the most favourable terms and there is no intention of scaring it off by onerous conditions. Although small scale industries will be reserved for the indigenous population, foreign help will be sought for those industries where outside technical help is necessary.

Ceylon is a beautiful country and worthy of a bigger tourist industry. This fact is recognised but it is evidently the intention to introduce prohibition. Tourists will, however, be catered for as will those residents who want alcoholic refreshment.

Undoubtedly Mr. Bandaranaike has many internal problems to solve, but his Government realises that economically, dependence on Ceylon's primary industries remains the road to sound finance. It is hoped that new industries, such as fertilisers and cement, will be feasible, and in this context the World Bank report will be re-examined. The policy of forming corporations to run these, with state representation on the boards, will be continued. The Bank report, however, was severely critical of some past attempts at state enterprises.

There are no special plans for approach to particular sources for aid in industrial development but it would be surprising if Ceylon's old ties with Britain did not mean that help from that particular quarter would be particularly welcome. It is worth noting that Iron Curtain countries are showing more than passing interest at present, as they are all over Asia. Mr. Bandaranaike hoped that such changes as were contemplated would be carried out sensibly and only after searching enquiry; in fact hasty action on any point is distinctly frowned upon.

AUSTRALIA

Vague Uneasiness

From Charles Meeking

(EASTERN WORLD Canberra Correspondent)

Australians have been constitutionally a carefree people, although two periods of crisis — the depression of 1929-32 and the threat of Japanese invasion in 1943-43 — have left permanent effects on their outlook. As 1956 passed its half-way mark there were increasing signs of political and economic stresses which were causing a general but vague uneasiness, as well as some specific expressions of concern.

Politically there was still no certainty of the intentions of the Prime Minister, Mr. Menzies, or on his prospects for a wider Commonwealth role, although the number of likely contenders for the coming vacancy in the deputy leadership of the Liberal party was growing and the list included the Minister for Defence, Sir Philip McBride, the Australian Ambassador in Washington, Sir Percy Spender, and the Minister for National Development, Senator W. H. Spooner. On the Opposition side there was still almost complete absence of cohesion or effective purpose.

Australia's financial year ends on June 30, and, as usual, five of the six States found themselves with large deficits (Tasmania was saved by the tax on lottery tickets) while the federal Government, which is still the only income taxing authority, had a comfortable surplus. However the balance of overseas payments position was still grim, harsher import restrictions were being imposed, prospects for loan raisings were still not promising, there was uncertainty about the outcome of the trade talks with Britain, and costs were continuing to rise in industry.

General living costs were also starting to soar, at a time when the motor industry, despite its drive for Asian export markets, and some other industries were facing still further unemployment. A general lack of confidence was not helped by the news of unemployment and industrial troubles in Britain and the United States, or by the uncertainty concerning developments in Asia. There were aspects of the general outlook which recalled the past crises, and thus a degree of concern not warranted as yet by many tangible facts.

One brighter aspect was the gradual firming of wool prices, but the nation was given another warning of the economic danger of having so many of its eggs in this one basket when CSIRO chairman, Sir Ian Clunies Ross, said that research into synthetics was now on a vaster scale than ever before and that it was showing results. The outlook for agricultural products was disturbed by the American disposals of surpluses, and most of the manufacturing firms which were seeking world markets found themselves up against the keen competition of Britain, Japan, the US and the central European countries.

Federal Parliament was in its winter recess during July, with members as far away as possible from the winds blowing off the big snowfields near Canberra, and there was therefore even less public discussion than usual of international affairs. Australian-Asian associations were being formed by some enthusiasts in the state capitals, and Professor Arnold Toynbee was warning his audiences of some of the dangers of the "White Australia" policy and stressing the advantages of the assimilation of mixed races as demonstrated in South America. These remarks evoked some protests.

In informed quarters real unease was caused by knowledge of Russia's overtures to Asian countries, including Indonesia, for trade and aid. There seemed more than a long-range possibility that Russia and China might well capture Asian markets which Australia has been talking about for a long time ("geographical proximity" has been a political cliche on the subject for nearly half a century) but has done little to develop. The current activity in that direction, therefore, might be too late, and the eventual outlook might be bleak.

UNITED STATES

Background to Policy

From David C. Williams

(EASTERN WORLD Washington Correspondent)

AMERICANS have been given a unique view of their government at work by the publication of *Eisenhower: The Inside Story*, an account of the first three years of the present Administration. Its author, Robert J. Donovan, Washington correspondent of the New York *Herald-Tribune*, was handpicked for the job by the White House, and given access to the minutes of Cabinet meetings.

Even in Washington, with its traditionally casual attitude

towards "official secrets," this has caused considerable resentment. The press as a whole has protested against such unique advantages having been given to a single journalist, and Senators and Congressmen have vehemently complained that the book includes information which they have sought repeatedly and in vain from the Administration.

Among other things, the book gives a good deal of information about Eisenhower's attitude towards Asian questions, and the background of some of the important decisions he has made in this field. The impression he gives is one of a man with good intentions and a surprisingly unprejudiced viewpoint. Often these were in conflict with the advice of his military and civilian counsellors, and with the instincts and prejudices of his Party in Congress.

Even before he took office, he expressed enlightened viewpoints about East-West trade and about the role of economic aid in American foreign policy. Of the former, he said: "If you trade with them . . . you have got something pulling their interest your way . . . You just can't preach abstraction to a man who has to turn for his daily living in some other direction." On economic aid, he said: "Unless we can put things in the hands of people who are starving to death, we can never lick Communism."

Donovan candidly admits that opinions were divided about the passage in Eisenhower's Inaugural Address in which he seemed to "unleash" Chiang Kai-shek. (Actually, as an enterprising reporter discovered months later, this was accompanied by a secret warning to the Nationalists not to use their new freedom).

"Even now a difference of opinion persists within the government as to (it's) value," Donovan acknowledges. "Some still regard it as a bit of psychological tomfoolery that did more harm than good. Others, especially those around Dulles, believe that it had a much sharper impact on the Chinese Communists than was realized in the United States and that the Reds took it seriously for what it was meant to be — a token of this country's determination to broaden the war against China if the Korean stalemate continued."

The President, on the other hand, steadfastly opposed the blockade of China which many Republicans urged, holding it to be "an act of war." In spite of Senator McCarthy's bellowings on this subject, he also opposed cutting off trade with China which, as he saw it, "would have the bad effect . . . of strengthening the bonds between China and the Soviet Union."

He was "not convinced that the vital interests of the United States were best served by prolonged non-recognition of China" and on several occasions dissuaded his fellow-Republicans in Congress from taking action which would have shut the door on recognition. Indeed, "he felt that it was unfortunate that a climate had developed in which . . . it was looked upon as almost un-American even to debate the merits of recognition." Yet, characteristically, he did nothing to open this debate.

Whereas a number of the President's advisers favoured intervention in the Indo-Chinese War, the President never consented to unilateral intervention by the United States, and insisted on "united action" as a pre-condition. As Donovan puts it: "Only a united (action) offered the military and moral premises Eisenhower was willing to accept. Even then all of the several conditions he prescribed were most unlikely to be fulfilled. The sum of his influence, therefore, tended away

from rather than toward military intervention of any kind." Both the attitude of America's allies and the hostility of public and Congressional opinion to involvement in Indo-China reinforced the President's prudence.

The United States came even closer to war after the bombardment by the Chinese Communists of the off-shore islands of Quemoy and Matsu, only to pull back again. There were those in high places, notably Admiral Radford, chairman of the Joint Chiefs of Staff, who maintained that the United States should take a firm stand against invasion of Quemoy and Matsu and thus, if challenged, bring on the showdown with China there and then by going to war.

This advice was strongly countered by General Ridgway, the Army Chief of Staff. He wrote:

"I challenge any thesis that destroying the military might of Red China would be in our own long-range interest. We could create there, by military means, a great power vacuum. Then we would have to go in there with hundreds of thousands of men to fill that vacuum — which would bring us face to face with Russia along a seven-thousand-mile frontier. If we failed to go in, then Russia herself would fill it, and the threat to our own security would not have abated one iota."

Instead of going to war with China, the President secured from Congress a resolution *authorising* him to go to war — again substituting words for action.

Not surprisingly, the President in these pages shows little acquaintance with the problems and leaders of Asia. Like his predecessors, his main background and interest lay in Europe. For this reason, it is all the more regrettable that his meeting with Nehru had to be postponed, and all the more important that it take place some time in the not-too-distant future.

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FROM ALL QUARTERS

New Roads in Central Asia

The Central Asian Highway which is being built across some of the most difficult country in the world will link the capitals of Uzbekistan, Kirghizistan, and Kazakhstan. Some sections are already in existence; one of these being built is the Great Kirghizistan Highway, otherwise known as the Tien Shan Road, which runs between Frunze on the northern border with Kazakhstan of the Kirghiz Republic, and Osh, near its southern border with Tadzhikistan.

Some 125 miles of the road are already in use. When completed the journey between the two towns will take twelve hours by bus instead of two months by camel caravan. While communications inside the Central Asian Republics are being extended those between these Republics and Afghanistan lying on their southern borders are also to be developed.

In Tibet, where no single highway existed in 1952, 3,000 miles of motor roads are now open to traffic. Motor vehicles are running from the western bank of the Kinsa river in east Tibet to Gartok in the westernmost area, and from the Tangha range in north Tibet to Yatung in the south. Tibet now has five main highways, namely: the Kangting and Chinghai routes in Tibet and three linking Lhasa, Shigatse, Gyangtse and Yatung, connecting major cities with principal agricultural and nomad districts.

Large quantities of modern factory equipment, heavy agricultural machinery and other materials, the transport of which has hitherto been impossible, are now taken into Tibet and Tibetan produce is also being transported to China. It is possible to travel from the eastern to the western borders of Tibet in two months.

In Search of a National Anthem

The Chief of the Malayan Federation, Tunku Abdul Rahman, has offered \$15,000 (Malayan) in prizes in a contest for a national anthem for the new Federation. The contest is open to any composer and the first prize will be \$10,000.

Petticoat Government in Andhra

In the local board elections held last month in Vavveru village, Andhra state, women topped the polls. The village is the birthplace of the Chief Minister of Andhra, Gopala Reddy, and has now elected an all-woman body of eight to run local affairs. This is the first time in the history of Indian local government that this has occurred.

BCF in Japan-Korea

Australia's responsibility for the administration and control of British Commonwealth Forces serving in the Japan-Korea theatre ended on July 1. Responsibility for the administration and support of the Commonwealth Contingent will pass to the United Kingdom Commander-in-Chief, Far East Land Forces. The changes precede the closing of the British Commonwealth base in Japan early next year. Australia has been responsible for the administration of the Forces in the area for the past 10 years, first for the British Commonwealth Force in Japan, and later for the British Commonwealth Forces in Korea.

Japanese Women Commemorate Tenth Franchise

Japanese women are this year celebrating ten years' participation in political life with a wide programme of political education. Since they gained the right to vote in 1946, women in Japan have played an increasing role in the country's

affairs. Twenty-five women now have seats in the Diet, and many are studying in the Ministry of Foreign Affairs to become Consuls-General or cultural attachés in embassies abroad. Women are also members of trade unions, and have their own professional organisations and clubs.

United States of Malaya

The Straits Chinese British Association of Malaya, whose members are known generally as "the Queen's Chinese," submitted a proposal to the Reid constitutional Commission that after independence is granted, Malaya should be known as the United States of Malaya, with each settlement and state having political autonomy. The Association also recommends that the recognition of the principle of *jus soli* be made retrospective in the case of those disenfranchised by the 1948 Federation of Malaya agreement. It also calls for respect for the dignity and position of the Queen in the Penang and Malacca settlements. Although advocating common citizenship for the whole of the Federation, the Association nevertheless maintains that British citizens of Penang and Malacca should retain British nationality.

Ba Cut Executed

General Ba Cut, the 32 year old leader of the Vietnamese Hoa Hao rebel religious sect, was guillotined in Cantho, South Viet Nam, last month. He had been sentenced to death, for the third time, by a military tribunal, on charges of rebellion, and had requested a pardon from Premier Ngo Diem. The execution was public and was attended by officials, troops and a crowd of 200 people. Ba Cut had a varied career. At one time he fought the French, then turned and fought with the French against the Communist forces. When Ngo Dinh Diem came into office, and the Geneva conference divided Viet Nam Ba Cut accepted aid from the Communists to fight the Diem government.

During the past year South Viet Nam authorities have arrested and executed many people for advocating nationwide general elections. It is reported that 360 people are still under arrest, and a demand for an investigation of these cases has been sent to the International Commission in Viet Nam.

Ban on Indian Leader

The South African Government has restricted the activities of the Indian leader, Mr. Yusuf Cachalia, for another period of five years. The order prohibits him from holding secretaryship of the Transvaal Indian Congress and bans his attending any gathering in South Africa for five years.

Nepalese Cultural Mission in Peking

A Nepalese cultural mission headed by Bal Chandra Sharma, Minister of Education, Health and Local Government of Nepal, arrived in Peking last month.

The mission consists of Nepal's prominent writers, poets, professors and folk artists. It will spend one month touring all parts of China and is the first Nepalese cultural delegation to visit China.

Shen Yen-ping, Minister of Culture, said in a speech at the welcoming at the airport, that China and Nepal border on each other and that the friendly relations between the two countries could be traced as far back as 1,500 years ago. The friendly relations between China and Nepal have grown on a new basis since the establishment of normal diplomatic relations on August 1, 1955.

LONDON NOTEBOOK

Ceylon Exhibition

Ceylon is gradually becoming tourist conscious, and is making special efforts to encourage people travelling to the East to break their journey in order to see something of the island's exquisite scenery and architectural wonders. An exhibition held last month at the Tea Bureau in London, in conjunction with the Ceylon Government Tea Bureau was designed to draw attention to some of the attractions of the island and to illustrate the various phases of its main industry — namely tea production.

The entrance to the exhibition was decorated with panels depicting the daily life of the Ceylonese people. These were the work of a local artist and were originally shown at the recent Food and Agricultural Exhibition in Colombo. A selection of Ceylon's handicrafts, such as wood carving, metal work and textiles, illustrating both old and new techniques were displayed — some exhibits being lent by the Horniman Museum and the Imperial Institute. An unusual feature of the exhibition was a display of the complete worldly possessions of a Buddhist monk — the begging bowl, the robe, rosary and umbrella.

Chinese Bishop in London

The first Chinese bishop of the Anglican church to visit London since the missionary ties between China and the West were severed arrived in London last month for Church consultations. He is Bishop K. H. Ting whose diocese is Cakiang. He is still a young man and was well known in London as one of the secretaries of the World Student Federation. His visit is in connection with the preliminary preparations for the 1958 Lambeth Conference which started on July 18 at Lambeth Palace.

The Anglican Church in China is not large but according to Bishop Ting it has a promising future. Its freedom from the missionary supervision of former years has given it a certain impetus, although it appears that the Church is still desirous of maintaining touch with western churches.

A reception was given in honour of Bishop Ting by Mr. Huan Hsiang, the Chinese chargé d'affaires in London. Among the guests was the Archbishop of Canterbury.

The Freedom of the City for Mr. Nehru

The freedom of the City of London was conferred on Mr. Nehru and on New Zealand's Prime Minister, Mr. Holland, at a special ceremony at the Guildhall on July 3.

The Prime Ministers drove in state to the Guildhall where they were received

by the Chairman of the City Lands Committee. They were then conducted to the dais where they were received by the Lord Mayor of London, Alderman Cuthbert Ackroyd. Later, the Chamberlain rose and invited Mr. Nehru to add his signature to the Roll of Fame. Mr. Holland had earlier been officially received by the Master of the Worshipful Company of Butchers and is now a Citizen and Butcher of London. Tribute to the work and personal characteristics of the two prime ministers was paid by the Chamberlain, who later presented them each with a casket containing a copy of their Freedom. In his reply to the Chamberlain, Mr. Nehru summarised the historical links between Great Britain and India, starting with the days of the "Merchant Adventurers" who later became the East India Company and who came from the City of London. The Company in turn gave way to an empire, but said Mr. Nehru, the empire has now passed into history and the fraternity of free association between the two countries has been born, linked "by bonds of mutual interest and respect and rooted in the independence and sovereignty of our peoples". This was a unique achievement. He added that India has become perhaps the largest democracy in the world, fashioning for herself a constitutional structure fit for free peoples, with free Parliaments and responsible Executives based on free elections and open debate. These institutions and the mode of life and thought that they embody also formed a strong element in the free association between the two countries. Mr. Nehru ended his address with a suitable quotation from one of the Emperor Ashoka's edicts — a message of tolerance towards other faiths and opinions.

Memento for Colombo Plan Trainee

When Mr. Bisheshwar Prasad Singh, an Indian steelworker, returns home later this year, after his six months' training in the United Kingdom, he will take with him a piece of steel cast in a Clyde steelworks. It is a model of a steel ingot, bearing an inscription to commemorate his visit as the 1,000th Colombo Plan trainee to the United Kingdom.

When Mr. Singh arrived in London he was the 300th trainee from India for whom the UK government had provided facilities under the Technical Cooperation Scheme, and the 1,000 from the Colombo Plan area. Since then, the total of trainees has increased to 1,227.

Mr. Singh is a blast furnace foreman at the Tata Iron and Steel Company's works at Jamshedpur. The Tata Company

are installing new blast furnaces as part of a £49 million scheme to increase their output of steel and Mr. Singh was sent to this country to spend six months at a steelworks to gain experience in operating the new blast furnaces.

The donors of the memento, the British Iron and Steel Federation, arranged a presentation ceremony in London. Commander A. H. P. Noble, Parliamentary Under-Secretary for Commonwealth Relations handed over the souvenir to Mr. Singh. Representatives of the Ministry of Labour, the Treasury, the British Iron and Steel Federation and Tata's London Office were present.



There was a distinguished gathering at the reception given on Philippine's Independence Day (July 4th) by HE Mr. Leon Ma Guerrero, the Ambassador. The picture shows Mr. and Mrs. Guerrero admiring the chain of office worn by the 18-year old Mayoress of Kensington. During the reception, which was held in the garden of the Embassy in London, Mrs. Guerrero presented a buttonhole to the Marshal of the Diplomatic Corps, whose birthday it was.

PEN Honours India's Vice-President

In London on July 10th, Dr. Radhakrishnan, India's Vice-President, was unanimously elected Vice-President of International PEN (Poets, Playwrights, Editors, Essayists and Novelists) world literary association at its 28th Congress meeting.

Sir Claude Corea to Lead Mission to Russia and China

It was recently announced in Colombo that a delegation consisting of His Excellency Sir Claude Corea, High Commissioner for Ceylon in the United Kingdom, Mr. T. B. Subasinghe, Parliamentary Secretary to the Ministry of Defence and External Affairs, and Mr. Raju Coomaraswamy, Assistant Secretary, Ministry of Finance, will visit Soviet Russia and China next month to discuss with those countries the establishment of diplomatic relations with them.



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BOOKS on the

The Art and Architecture of Japan by ROBERT T. PAINE
 and ALEXANDER SOPER (Penguin Books. Pelican History
 of Art, 45s.)

This book is divided into three main sections ; in the first, Mr. Paine discusses Japan's art, in the second, Mr. Soper takes us through her architecture, and in the third, there are 173 pages of well reproduced plates, which supplement the whole range of the text of both contributors.

Both authors approach their subject with a ready eye for the indications it might give in helping to solve the old problem of the Japanese origins. So the artist finds a possible parallel between the *haniwa* (clay figures placed about early tombs) and the carved wooden figures which appear in tombs in French Indo-China ; the architect suggests the tentative equation Jomon equals Ainu, and Yayoi equals Yamato, and adds that the houses which appear in the *haniwa* look very much like something from the Celebes or Sumatra. Neither of the two architectural styles which appear in early Japan, the pit dwelling of clear northern origin, and the pile-house derived from the Philippines and Indonesia, was perfectly at home in Japan ; the former fits northern Japan, and Hokkaido, the latter, southern Kyushu, but neither was the appropriate answer to the climate of the real Yamato country. There are even hints of Graeco-Roman, Ionic and Corinthian influence—via Gandhara—in Asuka period Buddhist architecture.

Mr. Paine starts with Buddhist art as it is known to us from the Horyuji. Shinto has never lent itself to plastic or graphic expression, and so its shrines have never become great patrons of the arts ; as a result, Buddhism supplies almost all the religious art of Japan. In the early days, Korean influence was strong, then Japan lost her foothold in Korea and the way lay open for more direct contact with China, with a consequent weakening of the Korean influence. Residence at a permanent capital, which came with Nara, gave a fillip to both art and architecture. Nara's art was virile, it had strength of character, yet it gives the expression of a benign repose. Later on, some of the joy goes out, but the dignity remains.

Heian art is more grand—the change, as so often, conditioned by the rise to favour of different sects : then, with the concentration of wealth and a growing rigidity of court life, art becomes lavish and formal. With the Kamakura regime and the popularisation of Buddhism (the Kamakura Buddha was built from funds raised by popular subscription, not as the Daibutsu of Nara, defrayed by national resources), comes a greater directness and simplicity. But Muromachi brought a reaction to Chinese traditions, both in the matter of medium and subject, though there was still a liberal final coat of individual interpretation and form of expression.

Momoyama, the age of castle-building, was also that of the upstart, the self-made man ; there seems to have been little learning in these quarters. The demand was for art grand in scale, ostentatious in technique. The large-scale new building called for a new rapid and vigorous style of painting. Then, the best known, and perhaps most distinctive development of Edo times, the Ukiyoe print, with its main groups of gay-quarter women, popular actors, warrior pictures, classical subjects, and pornography.

STAR EAST

All through the story, Japan's art is vital. Some traditions lag and wither, but at such periods there is always sufficient energy remaining to start fresh movements. In this way Japan's art seems to be a true reflection of her people.

GEOFFREY BOWNAS

Where Monsoons Meet by DONALD MOORE (*Harrap*, 16s.)

In this anthology of extracts from the literature on Malaya the compiler has used this method to delineate the history of the peninsula and to present its people and their different backgrounds as they appeared to travellers or residents at various times. Although its initial purpose has not been achieved satisfactorily, the outline is sketchy and the contents lack cohesion, nevertheless it is a valuable and delightful book. Almost all the excerpts have in common a real feeling for Malaya and an appreciation of its beauty and its people. Much of the writing has a definite literary quality and shows, in particular the extracts from memoirs of retired government officials, a strong attachment to the peninsula. One of the gaps noted by the compiler is the strange dearth of material on the Chinese and the Indians in Malaya. Extraordinary when one considers the fascination of any "China Town" for most Europeans. Perhaps the seeming artlessness of the Malay is one reason for this. The self-sufficiency, ambition, adaptability, and closely knit social life of the Chinese have not encouraged any feelings of indulgent paternalism towards them, whereas the Malays and the indigenous tribes have found many champions, people who have understood their customs and outlook and who have come to feel almost "at home" with them. Many of the sources drawn upon for this anthology are now out of print and Donald Moore deserves our gratitude in drawing our attention to much which might otherwise have been forgotten or overlooked. Catholic in style and content and in period, the extracts make pleasant and satisfying reading.

Islands of Men by COLIN SIMPSON (*Angus and Robertson*, 21s.)

This lively, sometimes breezy, account of the island peoples of Melanesia—ranging from the Torres Strait Islands to Fiji and from the New Hebrides to New Guinea—should go a long way towards dispelling those treasured beliefs in the happiness of life lived in a State of Nature. Circumscribed by taboos, haunted by spirits, even his sex life, that last stronghold of the champions of the untamed savage, shows the aberrations usually associated with a more sophisticated society. Fortunately the author has a good sense of proportion—sex and cannibalism take their place with other occupations and are not unduly stressed. Mr. Simpson knows the islands extremely well and appears to have been accepted by the islanders—some of them quite inhospitable, even downright unfriendly. But he was able to gather a great deal of valuable material on tribal life, and to take some excellent colour photographs, in particular of dancers in their frightening masks and more frightening still, with their echoes of the subconscious—the sacred images or "Tamberans" of the tribal culture heroes or gods of the Sepik region in New Guinea. The "temples" housing these tamberans are themselves rich in ornamentation and spectacular in design. The account is readable and anecdotal but has nothing patronising

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CHARLES FERRIS

Bare Feet in the Palace by AGNES NEWTON KEITH (Michael Joseph, 18s.)

The "Palace" is the Malacanan Palace in Manila — symbolic of much of the Philippines' history, built by the Spaniards, used as the seat of government by foreign rulers, later passing into the hands of the Filipino ruling class, until in 1953 Magsaysay was elected President and his appointment marked the end of an epoch. Whereas in former years the Palace was the symbol of power for the few, today, according to Mrs. Keith, it has become almost shabby with the constant traffic of bare-footed peasants from all parts of the Islands who are free to come and see "their" President. Mrs. Keith considers that she was fortunate in being in the Philippines during that crucial election year, and, as readers of her previous books are aware, she has made ample use of the opportunities her lengthy stay afforded her for becoming acquainted with the Filipino people. Her social life brought her into contact with the wealthy and educated class, but her liking for people and her intense and praiseworthy curiosity found more scope in the personal relationships with neighbours in the unfashionable quarter where the Keaths rented a house, in her son's companions, and in the everyday gossip with servants and their vast families. The book deals lightly and briefly with some background material—the Huks, the effects of the war on the Philippines and a good lively description of Magsaysay, the accounts being interspersed with personal anecdotes. On the whole, this is good journalism. Mrs. Keith is honest enough to realise that her relationships with the "people" could not be more than those between the good employer and his servants—and she has not gone too far in search of "characters"—people who conform to set patterns of "native" quaintness. One feels that she is a nice woman, open hearted and generous, if a bit sensitive to criticism.

T. R. I. SHAW

Tanuma Okitsugu, Forerunner of Modern Japan by JOHN WHITNEY HALL (Harvard University Press, London: Cumberlege, 52s.)

The Tanuma Period can be viewed as the time which saw some of the earliest stirrings of the spirit which culminated in the Restoration. Tanuma has had a bad press—his plans were not at all in keeping with the Confucian orthodoxy of the scholar-chroniclers whose records form the evidence for the period in question—and he himself has left nothing in writing.

Tanuma rose from page to Senior Councillor to the tenth Shogun, Ieharu, and seven days after the latter's death, he had been stripped of all his offices, most of his supporters and nominees had been removed from influence, and the forces of reaction had got on top. In opposition to the Confucian-influenced back to the land policy, and the general idea of his day of the uselessness of the merchant, Tanuma worked to a definite policy of economic reconstruction, aiming to shift the basis of Japan's economy from agrarian to commercial. The Tokugawa doctrine of seclusion had already been relaxed sufficiently in 1720 to allow the importation of certain western books, and there existed a flourishing school of "Dutch Studies," which kept itself abreast of western scientific development.

Tanuma's policies incorporated land reclamation schemes,

currency reforms, new monopoly taxes, and the encouragement of foreign trade. In addition, Hokkaido was to be built up both as a measure for the increase of the national production, and as a means of defence against Russia—for the Japanese had heard, albeit belatedly, of the slow Russian descent down the Kuriles, which had begun about half a century before.

But the Tanuma period had its other side. Officials were extravagant and corrupt; by Tokugawa Confucian standards, there was widespread moral decay, in the form, largely, of behaviour unbecoming one's class. And this, in the parlance of the times, called down heaven's retribution. These years saw the second largest fire in Edo's history, the Asama eruption, widespread and long-continued droughts, and the like, which were followed by an unprecedented number of peasant and urban poor uprisings, with which Tanuma and the Shogun he served showed themselves incapable of dealing.

Mr. Hall adds full notes to his text, a bibliography with characters for the titles he quotes, and a character list for Japanese names and terms used in the text. G.B.

Indian Painting for the British, 1770-1880 by MILDRED and W. G. ARCHER (*Oxford University Press, 45s.*)

This is an interesting study, although the subject it deals with cannot have more than historical significance. The authors have recorded much that is of value, some of it based on oral accounts given by the descendants of Indian artists or their patrons. That the art they are concerned with is not in itself greatly rewarding is not to detract from the merits of this account, which has been based on many sources of information, and which gives delightful glimpses into the lives and tastes of the patrons of this particular form of memento, for the pictures themselves are hardly more than that. As the illustrations show, the artists had little originality, but at a time when photography was unknown they served to record scenes from Indian life that gratified the sentiments of their patrons and enlivened many an account of years spent as a sahib. Not great art, sometimes not even art, but its naivete has a certain freshness and vigour. A. HAYES

The History of the Former Han Dynasty by PAN KU. Vol. III. A critical translation with Annotations by HOMER H. DUBS and P'AN LO-CHI (*Baltimore: The Waverly Press, \$7.50*)

The copyright of this truly stupendous work is vested in the American Council of Learned Societies which has "aided substantially" in its publication. The carefully and fully annotated translation of the last two of the Imperial Annals (xi and xii) is up to the standard of Vols. I and II. But this volume also contains a complete translation of Chapter xcix of the original history, that literary masterpiece *The Memoir of Wang Mang*, which in fact occupies the greater part of the book. In an appendix is translated that part of chapter xxiv which has reference to Wang Mang and his times; as, since Professor Dubs's version went to press, two other translations of this chapter have been published (those of Nancy Lee Swann and Rhea C. Blue), students have now an excellent opportunity to test their understanding of Chinese historical texts by the standard set by established translators. Valuable introductions and appendices supply the serious student with

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N.W.

The Trail of Marco Polo by JEAN BOWIE SHOR (*Muller, 16s.*)

From Venice to Cathay—the overland trail seems just as mysterious as it did in the thirteenth century. The Shors were determinedly gallant and lighthearted about it all and it must have been difficult for Mrs. Shor to be both when she was nursing a delirious husband on the top of a 20,000 feet mountain pass. It seems churlish, in the face of so many difficulties overcome, to say that it all appears rather familiar—the encounter with brigands, the dirt, the dangers and the disillusionment. But it will not deter future Marco Polos—on foot, by motor bicycle, Vespa or 'bus—they will no doubt continue to batter their individual ways to the perennially magnetic East.

H.K.

REVIEW OF REVIEWS

INDIA, in American eyes, is an enigma. That a country so relatively backward in economic development can yet have such influence in world affairs is something which cannot be ascribed to the usual prerequisites which go to make a world power. That India, in the person of her Prime Minister, has taken a course which is morally right and materially not so rewarding is something that cannot be explained in terms of practical politics from the American point of view. It is a healthy sign that people in America are worried about the wisdom of the American attitude towards India but too often

the criticism is that the American approach should be of the iron hand in the velvet glove, so that by deferring to Asian susceptibilities the business of making friends and influencing people will pay dividends in the long run. Several articles in recent periodicals bear this out. Selig S. Harrison, writing in *Foreign Affairs* (New York, July) on the challenges to Indian nationalism, recognises that the Nehru government must avoid external pressures in her efforts to achieve national consolidation. At the same time an India outside the cold war has a better chance of attracting capital from both East and West, such capital being vital according to the author, to bolster up the centrally directed economic development—the Government's most potent weapon against disunity.

A critical appraisal of US aid to the countries of South-East Asia, *India Quarterly* (New Delhi, June), by an American writer, Dr. W. Malenbaum, points out that there are few signs of a new approach in the allocation of US aid. There seems to be a growing tendency to enmesh foreign aid with limitations, political and economic (provisoos) that it should be used to encourage private enterprise, for instance) which are only remotely related to the effectiveness of the aid. Political gain abroad has tended to become associated with the aid itself, rather than with the economic development for which it was originally intended. However, in the author's opinion, the American people have a strong desire to see living standards abroad improve and he believes that the promise of political gains from development assistance has less appeal than is frequently believed.

The possible infiltration of Communist ideas along with changes in the agrarian systems of some Asian countries is a real danger, according to Dr. Otto Schiller, an expert on

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cooperative farming. In *International Affairs* (London, July), he points out that the visible or invisible influence of the Soviet agrarian system can be felt in the treatment of three distinct agrarian problems of Asian countries, namely the problems of land reform, rural overpopulation, and of technical progress in agriculture. China and Russia provide the concrete examples of, contrary to Karl Marx's theories, former backward agrarian countries offering better conditions for the revolutionary aims of Communism than highly developed industrialised countries. The reason for this, says Dr. Schiller, is that the agrarian population can be won over in the decisive stage of revolutionary action by drastic measures of land

reform leading to an immediate abolition of the feudal order. If at a later period the individualism of the peasantry asserts itself, the regime is then strong enough to overcome it. The methods needed to counteract this ideological influence are not mere analyses of the failures and successes of the Soviet agrarian system, but "constructive ideas with ideological foundations." The author thinks that the cooperative idea of the West in its original and genuine form "may contribute greatly to the counterbalancing of the collectivist idea of the East." A negative attitude of seeking to ward off ideological influences to preserve the traditional form of social and economic life will in the long run not suffice.

Santiniketan: Unique Place of Learning

By Richard Wilson

BENGAL has well been called the Italy of the Indian Renaissance. Not only was she the home of many of the great nationalist leaders over the last seventy years, Surendranath Banerjea, C. R. Das, Subhas Chandra Bose, M. N. Roy—but here were born and bred Raja Rammohan Roy, the father of the reformers, who was instrumental in abolishing *sati*, the voluntary sacrifice of widows on the funeral pyres of their husbands, and who was the first Hindu to defy caste prohibitions and cross the ocean to England; Sri Ramakrishna and Swami Vivekananda, the missionaries of Vedanta in the West; Sri Aurobindo Ghose, the famous scholar mystic; and—Rabindranath Tagore.

Tagore's grandfather, Debendranath, was a giant among India's religious reformers. While travelling one day he took rest under some trees on a piece of ground slightly raised from the surrounding plain, a mile from the village of Bolpur and a hundred miles from Calcutta. His sleep was so sound and the scene so congenial that he took a liking to the place and returned to build a country house there. He named it *Santiniketan*—"the abode of peace." In 1901 Rabindranath, weary of the tempo and superficiality of city life, retired to this house and founded his *ashram* — a community of followers.

Gradually, the Santiniketan *ashram* moulded itself into a school. Rabindranath had strong ideas about education, for his own boyhood had been plagued by unimaginative teaching. He tried to start a school in which children were taught to think instead of merely to remember trivial facts, parrot-fashion; where their native eagerness was brought into play through handicrafts, drama and song instead of dulled by continuous bookwork; where gentleness and understanding replaced corporal punishment; and where the open field was the classroom.

Life was never dull at Santiniketan. In 1914 Gandhi and the inmates of his South African *ashram* arrived, their efforts in Africa being finished. Tagore offered them hospitality until the Mahatma found a site for his own *ashram*, from which to begin his work in India. Gandhi stayed throughout 1915 and proved such a dominating guest that Rabindranath found an excuse to escape for a while. In his absence, Gandhi re-organised the *ashram* in his own way, dispensing with servants and having the domestic work done on a cooperative basis. Afterwards, when the great man had left, Rabindranath expressed his admiration for the changes but quietly

acquiesced in the restoration of the original system. A few years later, Tagore refused to support Gandhi's movement of non-cooperation with the British government, but their differences concerned the means rather than the ends, and the two great men of modern India remained close friends.

Meanwhile, Tagore was addressing himself to the problem of village life, the basic task of Indian reconstruction. The



The building called "Udayan" where Rabindranath Tagore lived for most of his life writing poems and looking after the welfare of the ashram

peasants largely lived on a subsistence level and succumbed to every famine or flood; disease was rampant and unchecked; education was negligible. The only institution of any strength was religion, which in the villages meant superstition, ignorance, prejudice against any form of change and the domination of the priests. How to begin to improve this situation was a question which baffled many reformers. Characteristically, Tagore set to work in his own district. Adjoining Santiniketan he built a rural centre, naming it *Sriniketan*—"the seat of prosperity." He had already sent his son Rathindranath to Illinois to learn agriculture and animal husbandry, observing that progress depended upon a revolution in agricultural methods. The object of *Sriniketan*, in his own words, is:

"To bring back life in its completeness into the villages, making them self-reliant and self-respectful, acquainted with the cultural tradition of their own country and competent



Pandit Kshitimohan Sen, the Vice-Chancellor, is seen conferring a degree on an American student. A considerable number of foreign students enrol at the University

to make an efficient use of modern resources for the improvement of their physical, intellectual and economic conditions."

At Cornell University in America in 1922, Tagore met Leonard Elmhirst, an Englishman studying agronomy there.

Elmhirst became the first director of the Department of Rural Reconstruction at Sriniketan. Today, 85 villages are served by the Department's activities. Social workers act as intermediaries between the villages and the centre. Soil conservation, crop- and stock-improvement, rural crafts such as weaving, carpentry and pottery, and a residential school for village children are among the chief occupations of the Department. In three years, malarial fever among schoolchildren in nine villages was reduced by an average of 70 percent. In 1951, over 7,000 villagers were benefiting from Cooperative Health Societies. Starting only in 1949, literacy in one area was increased by 200 percent in three years. The aim throughout is to inculcate the forgotten spirit of self-help, so that workers may retire from these villages to begin the process elsewhere, leaving behind them a self-operating organisation of the villagers themselves. So far the scheme has been so successful that it has been adopted by the Government of India as a model for other provinces.

The final phase was the creation, in 1921, of *Visva-Bharati*, which is today the University, with its Sanskrit motto: *Yatra Visvam Bhavaty Ekanidam* — "Where The Whole World Meets In One Place." Before Rockefeller built his International Houses, Rabindranath had constructed his miniature world university, with this aim:

"To seek to realize in a common fellowship of study the meeting of the East and the West, and thus ultimately to strengthen the fundamental conditions of world peace through the establishment of free communication of ideas . . . and . . . to provide . . . a Centre of Culture where . . . study of the religion, literature, history, science and art of the Hindu, Buddhist . . . Islamic . . . and other civilisations may be pursued along with the culture of the



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west . . . in amity, good fellowship and cooperation between the thinkers and scholars of both Eastern and Western countries, free from all antagonisms of race, nationality, creed or caste."

For many years, Tagore financed his educational centre from the royalties of his books, but Santiniketan has always been poor. The Calcutta Chamber of Commerce has been generous in its endowments, but private help has not been enough. Today *Visva-Bharati* has become a state-aided university, with the unique privilege of retaining its distinctive characteristics.

Santiniketan is unique in being a genuine pastoral university. There are no imposing buildings, no fine offices or hostels, but instead, scattered amongst the trees are bungalows which house the teachers and students. The only two-storied buildings are the two administrative offices and the Tagores' house. Almost all the teaching is done out of doors, in the surrounding fields, the students sitting in a half-circle about the lecturer. There is a post-office and a general store, but no cinema and no restaurant. But a week never passes without a play or musical performance by the staff and students—the drama group had just presented some of the poet's plays in Delhi while I was there—or a lantern-slide lecture. The only place of worship is a small, glass building, in which all religionists may offer prayer. Idols are prohibited, and the

services which are conducted are based on the *Brahmo Samaj*, a reformed Hinduism with considerable Christian influence.

The visitor to Santiniketan is well received and looked after, and a visit is always rewarding. For in these tiny bungalows one can meet some of the outstanding writers, artists and thinkers of the country. But the charm of the place lies in its cosmopolitan flavour — the students come from all countries, and the teachers too. The medium of instruction is English, unless the class and teacher are all Bengali-speaking.

Rabindranath Tagore died in 1940, but Santiniketan continues its work, carrying forward what its Chancellor, Prime Minister Jawaharlal Nehru, describes as a "spirit of broad humanity and creative adventure in learning and art." Rabindranath was sympathetic to the cause of his country's freedom, but he saw the evils of excessive nationalism, and preserved his sense of proportion and balance. Once when he was travelling in Europe he wrote to C. F. Andrews, the British ex-missionary who was his faithful lieutenant, to "keep Santiniketan away from the turmoils of politics." He was proud of Indian history and culture, and if India ever reaches even half way to the goal set by her poet, she will owe it in large measure to the fact that he accompanied sage advice with fruitful action. The presence and influence of Santiniketan in India is an example of imaginative individual enterprise.

Himalayan Switzerland

By Fred Birmann (Zurich)

WEDED in between lofty crags and the roaring, foaming upper Rhone river, the little Swiss town of St. Maurice presents the most surprising contrasts both in appearance and history. Within a stone's throw, at the foot of a cliff in the very centre of the tiny city, an old Rhaetian belfry towers up to the sky and the massive block of a monastery dominates the view. It is the oldest abbey in Switzerland, erected in the memory of the martyrdom of the Theban Legion, its Commander Mauritius and his two officers, Exuperantius and Candidus. In the year 302 AD this Christian legion, having refused to sacrifice to Jupiter while crossing the Alps, was first decimated and then massacred to a man by order of the Emperor Maximilian.

Despite the many centuries of devastating wars and invasion by such wild hordes as the Franks, the Lombards and even the Saracens, the Monastery of St. Maurice gradually developed into a stronghold of the Christian faith, quickly recovering from each devilish blow. It stood high in the favour of the reigning kings and princes, and Emperor Charlemagne bestowed various gifts upon it.

Saint-Maurice d'Agaune, as it is known today, has outgrown the nook in the rocky wall where the ancient belfry still stands. It has outgrown Switzerland and even Europe. The St. Maurice Abbey College, actually founded in 1808 but rooting in millenarian traditions of teaching, last year housed some 550 students.

Oddly enough it was not at St. Maurice, a mere 150 miles south-west of my home town of Zurich, that I was told about this pattern of Christianity at work, but almost half the

globe's circumference to the east, at the Himalayan mountain resort of Kalimpong in Northern Bengal. Friends in Calcutta had suggested that I embark on this journey into what they claimed was one of India's "many Switzerlands." The impetuous Teesta river rushing through miles of rugged "Alpine" scenery with a strong overtone of tropical vegetation and wild-life separates the poinsettia-studded slopes of Kalimpong from the approaches to the tea plantations and the conifer forests of Darjeeling. The first "Swiss" human touches became evident when the postal jeep, after tackling several hairpin curves, passed neat Lepcha farmhouses clinging to the mountainside like swallows' nests, their tiny balcony-like gardens ablaze with blooming bougainvilleas. The friendly, and extremely handsome Lepchas seemed to share at least two virtues with their Swiss counterparts — tidiness and love of flowers. A fellow passenger, a young American missionary, added one more: "They're among the most honest specimens of mankind. On my last visit here, probably due to the shaky travelling by jeep, my wallet slipped out of my pocket on to the road. It was picked up by a pair of Lepcha honeymooners hiking all the way up to Kalimpong, and handed over to me less than 24 hours later. Not one dollar was missing."

Kalimpong, the teeming market town and melting pot of races, is the gateway to Sikkim and Tibet. Here, in awe-struck sight of the 28000 feet high Kanchenjunga looming like a heavenly fortress on the north-western horizon, I found one man-made landmark of distinct Swiss background: the St. Augustine's School of the Sikkim Apostolic Prefecture,

staffed by fifteen young Augustinians from St. Maurice. Founded in 1882 by the Fathers of Foreign Missions of Paris, the Sikkim Prefecture, in 1937, was entrusted to the Canons of the Abbey of St. Maurice. Msgr. Aurelio Gianora, the Apostolic Prefect, who has lived and worked in this facsimile of his native Switzerland since the early thirties, looks much more like a youthful country squire than a dignitary of his church.

The school, which is of the highest standing, entitled to senior Cambridge examinations and preparatory training for all faculties of the University of Calcutta, is a far cry from old-fashioned mission schools. As a matter of fact, it upset everything that I had heard or merely imagined with regard to the centuries-old pattern of "Christian faith for export." "Among our students are boys from Nepal, Tibet, Bhutan and even Burma. Some are of distinguished families, others are not. But they are all free to worship God in their own progress and happiness in life."

This inspiring conception of religious "co-existence," through the personal efforts of Msgr. Gianora, found an impressive monument in the St. Theresa Church of the Apostolic Prefecture, built five years ago in this little Shangri-la on the road to the forbidden city of Lhasa. Why "import" architectural monstrosities from Europe into a land of age-old arts and crafts of autochthonous impact? Why disfigure the face of the Himalayas with sham Gothic cathedrals or pseudo-Romanesque chapels? Msgr. Gianora's idea of a mission church was a genuine Tibetan "gompa" harmoniously fitting into the pre-Himalayan landscape. Lamaist friends of the



A Christian Lepcha making "Swiss" cheese at St. Augustine's Mission. The cheese and chocolate made at the mission are put on sale in the Kalimpong market

Swiss father enthusiastically agreed to build and decorate it in the traditional style of the dragon myth. St. Theresa Church looks exactly like a cubical Buddhist temple, except for the cross on its pyramid-like rooftop. The dragon symbol haunts the artistically carved pulpit, font and door panels. Murals and wooden sculptures tell the stories of St. Theresa and the Virgin, exquisitely adapted to the imagination of the Lamaist artists. Saints and sinners are unmistakably oriental.

The Augustinians are just as proud of this fine edifice, which stands for the peaceful and constructive encounter of two great religions, as are the Lamas of near-by rock-bound monasteries.

TRANSLATING THE SIKH SCRIPTURES

By **Kushwant Singh**

THE world knows something of the Sanskrit classics because it was ready to believe that the Hindus were capable of doing something in the realm of literature and philosophy. But Sikh prowess on the field of battle prejudiced all chances of their being taken seriously in the field of learning. This state of neglect continued until 1954 when Unesco undertook to translate selections from the Sikh sacred writings, the *Granth*, for the benefit of the English-speaking world. The decision came as the culmination of a long period of agitation and pressure on the Government of India by organisations representing six million Sikhs.

The compilation of the *Granth* was largely the work of Arjun (1563-1606), the fifth of the ten Sikh Gurus or Teacher-Prophets. He collected the writings of the four preceding Gurus and the writings of Hindu and Muslim divines from all over India. A few additions were made to the *Granth* by Arjun's successors and finally, the tenth Guru, Govind (1666-1708) pronounced that after him there would be no more Gurus, and that the *Granth* was to be regarded as the living symbol of all ten Prophets.

Today the *Granth* is the object of worship in all Sikh homes and temples. It is usually draped in richly embroidered

cloth and worshippers have to approach it barefooted and with their heads covered. They made obeisance by rubbing their foreheads on the ground before it and place offerings of money, flowers or food on the cloth draping it.

The *Granth* forms an integral part of Sikh life. Passages from it are read every day and, on special occasions, it is read non-stop from cover to cover by a relay of worshippers. (It takes two days and nights to recite its 5,000 verses.) It is used in naming children, for baptisms, for weddings and funerals. It is an essential part of the Sikh creed which involves an affirmation of belief in the ten Gurus and the *Granth*.

Apart from the sanctity accorded to it by more than six million people, there are other things which make the *Granth* a very remarkable piece of work. It is perhaps the only scripture in the world which could be described as truly secular in the sense that it does not propagate the tenets of any one creed. It contains the writings of all religious groups in India at the time and of all castes including the so-called "untouchables." It is in the nature of an anthology of religious poetry representing the blending of Hinduism and Islam. This makes it a unique historical document as well. It has

preserved the writings of mediaeval Saints, some of which describe events of the time, conquests, social conditions and religious controversies.

Poetry loses much of its charm in translation—particularly, as in Eastern verse, when alliteration and onomatopoeia are liberally employed to create music by the jingling of words. Besides, oriental symbolism is so different that those not familiar with it rarely get the spontaneous thrill which goes with its appreciation. A few samples, however, may give a glimmer of the original.

Nanak (1469-1539) was not only the founder of the Sikh religion, he was also a prolific versifier. Amongst popular pieces of his is one composed in a Hindu temple when a salver full of small oil lamps and incense (representing the sky, stars and winds) was being waved in front of an idol before it was laid to rest.

Nanak's most celebrated composition is *Japji*, now the morning prayer of the Sikhs. In this he has also propounded his philosophy and, in the last few verses, let himself go in a frenzy of religious ecstasy:

"Were I given a hundred thousand tongues instead of one,
And the hundred thousand multiplied twenty-fold,
A hundred thousand times would I say, and say again,
The Lord of all the world is one,
That is the path that leads,
These the steps that mount,
Ascend thus to the Lord's mansion
And with Him be joined in unison.
The sound of the songs of heaven thrills
The like of us who crawl, but desire to fly,
O Nanak, His grace alone it is that fulfils,
The rest mere prattle, and a lie.
Ye have no power to speak or in silence listen,
To grant or give away,
Ye have no power to live or die.
Ye have no power to acquire wealth and dominion,
To compel the mind to thought or reason,
To escape the world and fly.
He who hath the pride of power, let him try and see.
O Nanak, before the Lord there is no low or high degree".

Nanak was a believer in the "middle path" and severely criticised the penance and seclusion practised by ascetics.

"Religion lieth not in the patched coat the yogi wears,
Not in the staff he bears,
Nor in the ashes on his body.
Religion lieth not in rings in the ears,
Not in a shaven head,
Nor in the blowing of the conch shell.
If thou must the path of true religion see
Amongst the world's impurities, be of impurities free".

Guru Govind, who turned the Sikhs from a pacifist to militarist sect, composed verses in three languages, Punjabi, Sanskrit and Persian. His writings form a separate collection by themselves. His militant conception of God is brought out in these stirring lines in Sanskrit:

"Eternal God, Thou art our shield,
The dagger, knife, the sword we wield.
To us protector there is given
The timeless, deathless, Lord of Heaven,
To us all-steel's unvanquished might,
To us all-time's restless flight,
But chiefly Thou, protector brave,
All-steel, wilt Thine own servant save".

The translation of the *Granth* is a truly monumental task. The language in which it is written is mostly old Pun-

jabi which is not readily understood. It is not arranged in chronological or alphabetical order, nor strictly logical as a book propounding a thesis. The division, as already explained, is according to the ragas of Indian music. Moreover, in the old, authentic copies, all the words in a line are strung together as beads in a rosary, and it is frequently difficult to tell whether there is one word or two. There are consequently several interpretations of each text. Several attempts have already been made to translate the *Granth*, but no one has hitherto succeeded in combining accuracy with poetic excellence.

This is the task the Sikhs expect Unesco to accomplish and the translation committee set up by the Indian Academy of Letters, at the Organisation's behest, includes scholars of the highest repute who have agreed to work without remuneration or recognition. The outstanding figure in the translation committee is the 84-year-old poet and divine Bhai Vir Singh, who lives a life of scholarly seclusion in the foot-hills of the Himalayas. Working with him are two well-known theologians, Jodh Singh and Harkishan Singh, and a younger man, Dr. Trilochan Singh, who has made a name for himself by his translations.

When the initial translation is completed it will be submitted for English stylistic revision to the well-known Scottish poet G. S. Fraser and to the author of the present article. Its publication will make it possible for English-speaking readers to know something of one of the masterpieces of the world's religious literature.

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ECONOMIC SECTION

INDIA'S SECOND FIVE-YEAR PLAN

By **V. T. Krishnamachari**

(Deputy Chairman, Planning Commission, India)

THE First Five-Year Plan was intended to be the beginning of a series of Plans, the objective being the doubling of *per capita* income within as short a time as possible through increased employment, higher productivity and the achievement of the largest possible measure of social justice.

In framing the First Five-Year Plan the Planning Commission had, broadly speaking, two aims in view. Firstly, to take the initial steps towards the pattern of society envisaged in the Constitution of India which states that "justice—social, economic and political — shall inform all the institutions of national life." Secondly, to formulate and execute programmes of development which would be substantial in themselves, while laying the foundations for larger efforts in the coming years and build up administrative and other organisations which would be equal to the larger programme of reconstruction to which the nation is committed.

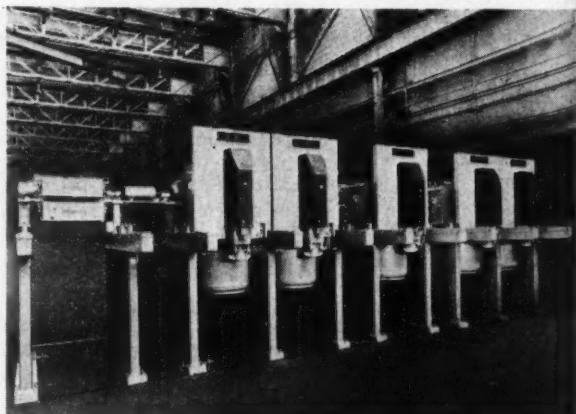
In both respects, the First Five-Year Plan has significant achievements to its credit. A National Extension Service—which covers one-fourth of the country and is expected to cover the entire country in the next five years—and a broad-based policy of land reforms are transforming rural society and have released almost revolutionary forces in the countryside. Laws have been passed for regulating the private sector of industry so that it might subserve the larger social purposes laid down in the Constitution and also for improving labour relations.

The total expenditure contemplated under the First Plan was about Rs.36,000 millions of which Rs.23,500 millions was in the public sector and the rest in the private sector. It is estimated that there is a shortfall of about 10 percent in the expenditure actually incurred in the public sector and that in the organised private sector the anticipated expenditure has been incurred. Over two-thirds of the expenditure in the public sector was on agriculture and community development (16 percent), irrigation and power—multi-purpose and large and medium projects (28 percent), and rehabilitation of the transport system (24 percent). The rest was on industry (7 percent) and social services and rehabilitation of displaced persons (25 percent). Through the implementation of these programmes the economy has gained in stability, the food and raw material position has been eased, inflationary pressures have been overcome and the railway system, which had run down as a result of the war, has been restored to its normal condition.

The investment in the five-year period rose from five percent of the national income in 1950-51 to about eight percent in 1955-56. The national income rose by 18 percent in the five years at three percent every year, and full employment was provided to 4,500,000 persons. The administration is steadily increasing in efficiency and large training programmes are in operation to meet the demands for technical and other personnel in the Second Five-Year Plan.

It is against this background that the Second Five-Year Plan has been prepared. It is felt that the time has now come for a programme of rapid industrialisation with particular emphasis on the development of basic and heavy industries and that the Second Five-Year Plan should initiate a process of "industrial revolution." For this purpose, investment representing 10 to 12 percent of the national income in the five-year period is envisaged, and the aims of the Plan are: (i) an increase of 5 percent every year in the national income; (ii) provision of employment for about 10 million people, the annual additions to the labour force being of the order of 1.8 millions; and (iii) reduction in inequalities in income and wealth, and a more even distribution of economic power, thus helping in the creation of a socialistic pattern of society.

An increase of 25 percent in the national income in the



This horizontal-plugging 22kV, 500-MVA metal-clad switchgear is part of the main intake switchboard in the main transformer station at Burmah-Shell's new oil refinery in Bombay. This is part of the considerable amount of equipment supplied to the refinery by British Thomson-Houston Co.

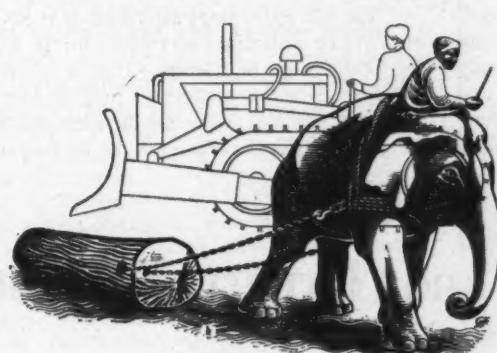
Second Plan period will mean that, as the result of the two Plans, there would be an aggregate increase in the national income of 47 percent. It is now thought that it might be possible to double the national income in 17 years from 1950-51 instead of 21 years as the First Plan contemplated. The expenditure in the public sector is expected to be Rs.48,000 millions and in the private sector Rs.23,000 millions. Thus the aggregate expenditure on the Second Five-Year Plan will be of the order of Rs.71,000 millions.

The allocations of the total expenditure in the public sectors are as follows:

	(In million Rs.)			
	Total provision First Plan	Second Plan	Percentage First Plan	Second Plan
(1) Agricultural and community development	3,570	5,680	16	12
(2) Irrigation and flood control	3,950	4,820	17	10
(3) Power (including small town and rural electrification programmes)	2,660	4,300	11	9
(4) Industries and minerals	1,790	8,900	7	18
(5) Transport and communication	5,560	13,850	24	29
(6) Social Services, housing and rehabilitation	5,330	9,450	20	20
(7) Miscellaneous	690	990	2	2
Total	23,560	48,000	100	100

Of the total expenditure in the Second Plan, industry and mineral development together with transport and communications claim nearly one half as compared with about a third of the total in the First Plan. Irrigation and other schemes directly related to agricultural development account for about one-fifth of the total; in the First Plan they accounted for about a third. The outlay on social services is about the same percentage, nearly one-fifth, in both Plans. The expenditure under large-scale industries, scientific research and minerals is expected to be one-fifth of the total outlay—about four or five times the amount allotted under the First Plan. The emphasis on heavy industry is justified by the further development that this will make possible. The output of finished steel is planned to increase from 1.3 million tons in 1955-56 to 4.3 million tons in 1960-61; of coal from 37 to 60 million tons; of cement from 4.8 to 10 million tons; of heavy chemicals from 275 to 820 thousand tons. This emphasis on heavy industry is not a break with the past five years. It is, in fact, in direct continuity with the development under the First Plan. India is among the first 10 leading industrial countries of the world, but due to past policies, consumer goods industries were developed at the expense of basic industries. This imbalance will be rectified at the end of the Second Plan.

The total expenditure in the private sector is tentatively to be as follows:



It is impossible to judge from statistics alone how far India's *traditional industries* are being reshaped by Western machines and methods. A first hand experience of Indian life and commerce, like that of the National Bank of India, is needed to put facts into perspective. Enquiries about trade here, or with any other country which is served by the Bank, are welcomed at the Head Office or at any branch.

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	(Rs. millions)
Total provision	5,000
(1) Organised industries and Mining	1,000
(2) Plantations, private transport and electricity undertakings	3,000*
(3) Agriculture and village and small industries	10,000
(4) Construction (houses, shops, schools, hospitals, etc.)	4,000
(5) Additional investment in stocks	23,000

(*This refers to monetised investment only. The non-monetised investment cannot be estimated.)

The total investment under the Second Plan is over 75 percent larger than the First Plan and the ratio of public and private investment roughly works out at 62:38. A plan of this magnitude calls for a great effort from the nation. The tentative estimate of financial resources against the outlay of Rs.48,000 millions is as follows:

	(Rs. millions)
(1) Surplus from current revenues	8,000
(a) existing rates of taxation	3,500
(b) additional taxation	4,500
(2) Borrowings from the public	12,000
(a) Market loans	7,000
(b) Small savings	5,000
(3) Other budgetary sources	4,000
(a) Railway's contribution to the development programme	1,500
(b) Provident funds and other deposit heads	2,500
(4) External assistance	8,000
(5) Deficit financing	12,000
(6) Uncovered gap to be filled by additional taxation and loans and savings	4,000
Total	48,000

Two points are worth mentioning. The first is, the raising of the taxation resources. The additional taxation of Rs.4,500 millions over the five-year period will raise the taxation national income ratio, which is 7 percent, only slightly. The second is the need to exploit every possible new source of savings that arises as developmental expenditures are incurred under the plan. Every effort is being made to

see that every family makes its contribution to the resources for the Plan. The small savings movement has shown much vitality in the First Five-Year Plan and efforts are being made to spread the movement in the rural areas through the national extension movement and other agencies. There is no doubt that the country has the resources—potentially at least—but they must be drawn into the productive system. The Second Plan must rely for its success on an intensified savings drive in which all sections of the community must participate.

To provide the resources needed for the Second Five-Year Plan for public and private sectors the rate of investment should rise from the present rate of eight percent of the national income to about 12 percent at the end of the five-year period (1960-61).

It is recognised that the implementation of the Plan will generate inflationary pressures and that active steps should be taken to counter them. The report on the Second Five-Year Plan mentions what these steps should be. In particular, special efforts are being made to step up agricultural production beyond the targets in the Plan by making increased provision for short-term credits.

The intention is to work the Plan in a flexible manner through annual plans. Adjustments will be made every year through these annual plans in the light of economic and financial trends, the increased production achieved in agriculture and in industries, and the progress made in the different sectors of the economy. The large expenditure proposed on industries and mining also calls for the closest coordination of the projects in these fields with the programmes under transport and power so that the expenditure incurred on each group of connected projects may yield the maximum returns.

The successful implementation of the Second Five-Year Plan will be of cardinal importance for the future of economic development in the country. This is universally recognised and there is every confidence, judging from the experience during the last five years, that the great national effort needed for carrying out the Plan will be forthcoming.

The Second Plan and Export Promotion

By P. Chentsal Rao (New Delhi)

INDIA'S Second Five-Year Plan, with its accent on industrialisation, has brought to the forefront certain crucial problems and on their solution alone the successful implementation of the Plan depends. Of these problems, the major one relates to foreign exchange resources. Estimates of foreign exchange earnings and requirements over a period of five years cannot be made with any great precision. Further, there are many uncertainties in the situation. As the Planning Commission have pointed out, these uncertainties notwithstanding, it is essential to form a view of the likely trends in the balance of payments and to assess the adequacy

of foreign exchange resources in the light of foreign exchange requirements. This is important, if for no other reason than for the fact that, while the gaps in internal resources can to some extent be filled through deficit financing, the gaps in the external resources cannot be bridged through "creation of money."

The Plan has assumed a total deficit of foreign exchange resources over the five years as Rs. 11,000 million. This figure has also been arrived at taking into account the likely levels of imports and exports. Providing for a scaling down of the

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sterling exchange resources, there remains a gap of Rs. 9,000 million to be filled. Essentially and ultimately foreign exchange has to be earned by the country through development of its foreign trade — both visible and invisible.

To a country like India, for various reasons, the effort required for the development of export trade is much greater than to countries like Britain with a long export tradition. The economy of India is such that it is relatively more amenable to the growth of internal trade. The very low current demand of the vast population calls for greater domestic consumption. Internal demand is the first charge on the productive capacity which is low and not in excess of marginal increases in domestic demand which emerge with even a little improvement in the national income. Further, to the extent India is desirous of exporting more and more finished and semi-finished products rather than raw materials, the problem of exports becomes complicated. The Commerce and Industry Minister, Mr. T. T. Krishnamachari, addressing the Export Advisory Council in May last, set out briefly the economic premises of export promotion: "If we are to launch forth into any scheme of active export promotion, what would be necessary is not merely the augmentation of internal production in the type of articles that go into the export trade, but along with it a reasonable degree of price flexibility. There are various factors contributing towards the maintenance of price flexibility or otherwise. The first need will be to increase production of the type of goods that are needed for the export trade, as it is only by the increase in supply that the prices can be brought down. Domestic financial policy has a big say in regard to making supplies available for the purpose of export trade, as any fiscal policy which tends to inhibit internal consumption would certainly release a larger quantum of goods for export at a price which would be the ruling price in the internal market less the fiscal burden on that type of goods. In the case of manufacture and processing of goods, the wage and labour policy of the country has a material influence on the export trade of those articles."

To these elements must be added the effort involved in making psychological adjustments. If exports of Indian products are to be augmented, particularly of its manufactures, which, in the beginning, must be consumer goods, then the cult of Swadeshi and cottage industries requires radical re-orientation. The only reason for not importing consumer goods would lie, and should lie, in the hard fact that Indian foreign exchange resources require to be husbanded for importing more essential goods, such as machinery, to build up the national economic potential. The idea of "boycott of foreign goods" which rightly caught the imagination of the Indian people before Independence has to give way to acceptance of the first condition of foreign trade, viz., that a country cannot export unless it imports. Again, the need to export with a view to facilitating the imports that are badly required to implement the development programmes dictates the reason, as already indicated, to build up excess productive capacity in the country.

Over the First Plan period as a whole, there was a trade gap of the order of Rs. 5,120 million, the deficit on the balance of payments being much less because of net earnings on invisibles and grants and loans from international bodies and friendly countries. It was originally estimated that the sterling balances might have to be scaled down to the extent of Rs. 2,900 million, but the actual scaling down was of the order of Rs. 1,380 million only from Rs. 8,842 million in April 1951

to Rs. 7,461 million in April 1956. The remarkable improvement in the food situation and the postponement in the plans of modernisation of the cotton textile and the jute industries were largely responsible for the comparatively improved balance of payments position.

A broad picture of India's export trade will also provide the necessary basis for consideration of export promotion activities. Jute manufactures, tea and cotton textiles between themselves account for nearly half of total exports. That the earnings from these items have varied considerably during the last five years is, however, an indication of the uncertainty in making any firm estimates about the likely increase in foreign earnings in future years. For example, jute products at Rs. 2,700 million in 1951-52 accounted for as much as 38 percent of our total foreign exchange earnings which declined to a figure of Rs. 1,183 million in 1955-56, barely 20 percent of our total export earnings in this year. Similarly, because of a sharp rise in demand for tea in the UK the exchange earnings at Rs. 1,472 million in 1954-55 were more than 25 percent of the total export earnings in that year. These declined in 1955-56 to Rs. 1,087 million which is over 18 percent of the total exports.

Export earnings from cotton piecegoods were at a record figure of Rs. 1,167 million in 1950-51 accounting as it did for 20 percent of our export earnings. In the last year of the First Five-Year Plan, i.e., 1955-56 earnings from cotton piecegoods by the sea route were of the order of Rs. 566 million only, which is less than 10 percent of our total exports for this year. The possible developments in foreign countries in augmenting their purchases of these commodities and price trends will be the major determinants of the soundness or otherwise of our foreign exchange budgets during the Second

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Plan period. The UK is India's best customer and has been taking more than a quarter of the total exports.

The Government of India has adopted a number of measures for promoting the export of Indian goods. The measures are: liberalisation of restriction on exports; reduction of export duties; setting up Export Promotion Councils and Commodity Boards; standardisation and quality control; granting licences for import of raw materials required for replacing the contents of exported products; granting of drawback of import duty on imported materials used for products exported; participation in international exhibitions and fairs; opening show-rooms in foreign countries; setting up trade centres and trade corporations in foreign countries; sending out trade delegations, etc. In addition to these, the introduction of an Export Credit Guarantee Scheme is under the consideration of an expert committee appointed by the Government. The scheme is conceived to be mainly based on the principle of insurance and is intended to provide a guarantee to the exporter against losses resulting from circumstances which are beyond his control and which are not ordinarily accepted as insurable risks by insurance companies, such as, the insolvency of foreign buyer, etc.

The policy of liberalising exports which was initiated in 1950 now covers a large number of commodities which account for 80 percent of our export earnings and include three staple items, viz., jute manufactures, tea and cotton piece-goods. Export duties on jute manufactures, certain items of iron and steel, black pepper and coarse piece-goods have been completely abolished. Export regulations which are in force

relate to commodities, the price levels of which can be regulated by such export regulations. Mention may be made in this connection of controls on oils and oilseeds, raw cotton and raw wool. There are some items like manganese and iron ores, whose exports are regulated because of difficulties in rail transport. During the last two years, a number of Export Promotion Councils have been formed to develop exports of selected commodities, such as, cotton textiles, silk and rayon textiles, plastics, engineering, cashew, pepper and tobacco.

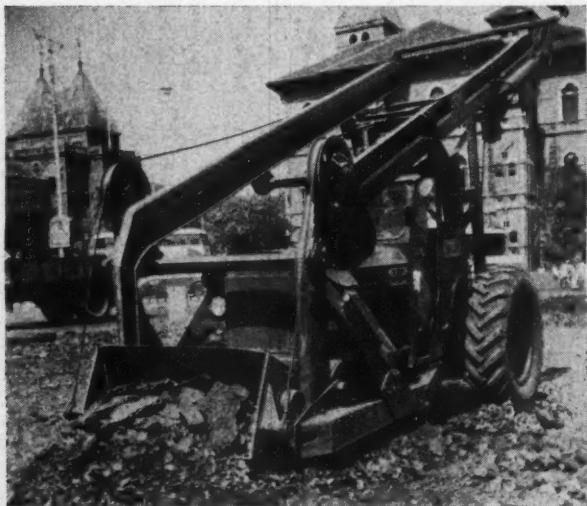
It will be seen that there is a frame-work already established for export promotion and this frame-work has been largely worked in consultation with and with the support of the industry and trade concerned. Indian businessmen too have not been slow in recognising the need for initiative and enterprise on their own part to supplement Governmental measures and often-times to spur the Government to action.

The organisation of the Indian Industries Fair by the Federation of Indian Chambers of Commerce and Industry in October-December last year was as much for acquainting the Indian buyers with the new kinds of foreign machinery available for imports as for foreign buyers to get to know the development of Indian Industries and their capacity to export. There is no doubt that this Fair, the biggest of its kind ever to be held in this part of the world, aroused genuine interest in a number of Indian products and thereby opened up possibilities of diversifying the pattern and direction of our export trade.

BRITAIN AND INDIA

By V. Wolpert

IT was announced in London in June, that following discussions with the Government of India it is proposed to send a Mission to India under the joint auspices of the

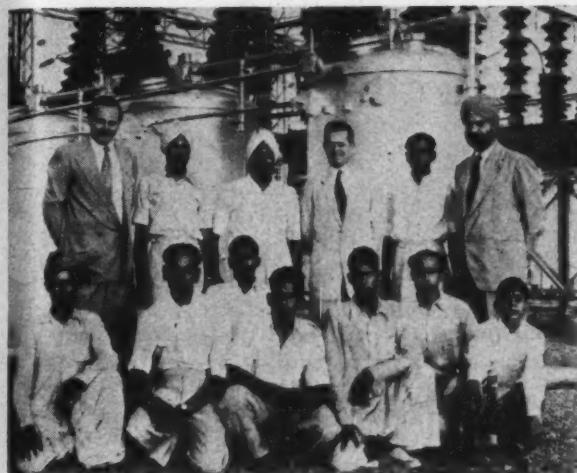


This British-made Overloader, the Merton Mark V, is seen at work near the Flora Fountain in Bombay where much road resurfacing has been carried out recently

Colombo Plan and the Federation of British Industries this autumn to advise on the further extension of India's heavy machinery manufacturing capacity during the period of the second Five-Year Plan. Sir Graham Hayman, President of FBI declared that the Federation was glad to have initiated this important step in furtherance of Indo-British trade and industrial cooperation. It is understood that the mission will consist of about eight technicians in addition to the leader and secretary and will spend approximately two months in India.

During the post-war period the number of agreements concluded by individual UK firms with Indian counterparts to start manufacturing activities in various industries has been steadily increasing. In addition, some leading UK industrial concerns have reached agreements with the Indian Government to assist in setting up of industrial works in India. The announced FBI mission on the building up of India's heavy engineering industry, the importance of which is stressed in the new Five-Year Plan, is a logical development of this new trend of industrial and trade relations between Britain and India, and is to be welcomed.

There is great determination in India to make a success of economic development including industrialisation. British industry, which possesses a wealth of constantly increasing experience in the industrial, technical and research fields, can



This photograph shows the staff of the English Electric Company who work on the Hansi sub-station of the Nangal power project. On the left is Mr. D. S. Philips who was responsible for the erection of the sub-station; also in the picture is Mr. Bhagwant Singh, the Company's Manager in New Delhi

offer valuable assistance to India and thus strengthen the economic cooperation between the two Commonwealth countries. India's industrialisation means, for British Industry, a change in composition of UK exports to India, namely a decline in exports of staple consumer goods and an increase in exports of capital goods which means an increase in the total value of exports. India's economic development aims at raising the standard of living of the population, and it is to be expected that this process will also lead to increased imports of specialised and high-quality consumer goods. At present, it is important from the point of view of UK national economy that the increase in exports of capital goods more than offsets the decline of exports of consumer goods. In addition, the export of capital goods has the advantage over that of staple consumer goods, as capital goods require more working hours of manufacture per unit than consumer goods.

The evidence for the fact that Britain's industry can successfully compete for capital goods required by the Indian authorities can be seen from the fact, that during the financial year 1955-56 orders placed by the India Store Department of the High Commission of India, London, with UK firms set an all time record. Out of a total of £31,126,581 of purchases made in Europe by the India Store Department, the United Kingdom accounted for £11,505,741; France £4,029,787; Germany £3,928,328; Italy £3,649,136; Czechoslovakia £2,287,510; Poland £1,919,845; Holland £1,444,180; Austria £895,084; Belgium £821,574 and Hungary £531,600. Purchases from Switzerland amounted to £58,108; Sweden £33,139; Yugoslavia £13,801; Denmark £6,227 and Norway £2,375.

The stark fact remains, that Britain's industry meets increasing competition in this market from other industrialised countries not only in the matter of securing contracts for capital goods but also in the field of setting up new industries.

UK competitors hope, by gaining contracts of the latter type, to secure an increased share of India's imports of plant, equipment and machinery, and in the future, of required spare parts.

In the field of trade, the British share of India's total increased imports in 1955-56 amounted to 26.5 percent as against 24.1 percent in 1954-55, the next biggest supplier being the United States whose share increased from 13 percent to 13.7 percent during the same period. The following table shows the development of India's overall foreign trade and of India's trade with UK and the US.

	India's Imports		India's Exports	
	1954-55	1955-6	1954-5	1955-6
India's overall trade	6,330	6,496	5,827	5,847
UK	1,533	1,727	1,881	1,644
US	822	893	880	853

(all figures in million Rs.)

India's imports from West Germany increased by 50 percent, from Rs.400 million in 1954-55 to Rs.600 million Rs. in 1955-56 and thus West Germany's share of India's total imports has risen from 6.3 to 9.3 percent. According to the Board of Trade statistics, UK exports to India increased from £114.8 million in 1954 to £129.8 million in 1955. A further increase took place in 1956, and the exports to India reached the value of £70.8 million during the first 5 months of this year against £55.6 million during the corresponding period of 1955.

An analysis of India's overall imports shows that those of grain, pulses and flour dropped from Rs.681.9 million in 1954-55 to Rs.174.7 million in 1955-56 and those of sugar from Rs.373.6 million to Rs. 38.6 million. Imports of oils decreased from Rs.895 million to Rs.632.2 million. On the other hand, a substantial increase of imports of machinery — now the biggest item on India's import list — took place. The value of these imports increased from Rs.870 million in 1954-55 to Rs.1,202 million in 1955-56.

The imports of iron and steel and manufactures thereof increased from Rs.309 million to Rs.665 million and the imports of vehicles, excluding locomotives, from Rs.357 million to Rs.560 million, the imports of electrical goods and apparatus from Rs.115 million to Rs.155 million, and of cutlery and hardware Rs. 178 million to Rs. 241 million. The following table shows the development of some categories of UK goods exported to India:—

	1954		1955	
	whole year	first 5 months	1954	1955
Chemicals	15.1	16.2	6.9	8.8
Non-metallic mineral manufactures				
Iron and steel	5.9	8.8	3.4	6.8
Non-ferrous base metals	1.6	2.2	1.0	1.0
Manufactures of metals	5.1	7.0	3.5	6.1
Machinery, other than electric	28.1	32.3	13.1	19.0
Electric machinery apparatus & appliances	14.8	16.2	6.8	8.8
Railway vehicles	3.0	3.4	1.9	2.5
Road vehicles and aircraft	9.4	10.0	4.2	5.1
Cotton yarn and fabrics	1.7	2.2	0.8	1.4
Wool and tops	4.9	4.8	2.1	2.2

(All figures in £ million)

British Steel Industry and India

By Our Industrial Correspondent

WHILE the production of steel in India is being increased, and new steel plants are being built, in the public and private sectors of the industry, the country's requirements of steel will continue to expand on an even larger scale because of the five year plan of economic development of the country.

In India one sometimes hears complaints that UK steel industry does not supply enough of her products to India. UK industrialists, on the other hand, emphasise that the Indian market receives their special attention — even at a time of great steel shortage in the world. UK export statistics vindicate this view, and the British Iron and Steel Federation, as well as a number of leading member-firms of this Federation, have participated at the International Fair in New Delhi.

The following table shows the development of UK total steel exports as well as those to India during the last 3 years, which proves the increasing share of these exports to India.

	1953 tons	1954 tons	1955 tons
UK total steel exports	2,112,360	2,352,746	2,727,845
incl. to India	60,872	93,704	163,717

(Source: Board of Trade statistics)

According to British Iron and Steel Federation reports, India's share of UK total exports of finished products (i.e. excluding iron, pig-iron, ferro-alloys, wire etc.) increased from 3.2 percent in the period of 1950-53, to 4.2 percent in 1954, and to 5.9 percent in 1955. It is noticeable that India's share of the total UK exports of certain types of steel products increased considerably in 1955. So for instance the exports of tinplate etc. reached 2.6 percent as against 0.4 percent in 1954, those of heavy rails, 1.9 percent as against 0.1 percent, those of heavy sections, 6.5 percent and those of light sections 8.6 percent as against 1.6 and 4.6 percent respectively. India's share of UK total exports of strip reached 8.8 percent (1954 - 4.4 percent), of sheet - 4.8 percent (1954 - 2.7 percent) and of bright bars - 10.3 percent (1954 - 9.6 percent).

The British steel industry has been increasing production considerably, and according to Sir Ernest Lever, President of the Federation, the estimates suggest that by 1958 the total output of steel in the UK will be almost double the output at the end of the war. Sir Ernest declared that it was the intention "to make the most of our steel-making capacity, and to import steel itself only as a last resort."

Further expansion of the industry is being planned, and according to some estimates, the production may by 1962 reach the annual level of 20 million tons of finished steel annually. This might permit an increase of approx. 50 percent over the present level of exports by the early Sixties. In addition to exports of steel, British increased steel output will place Britain's manufacturing industries which use steel for the production of their goods, including engineering industries, in a better position to satisfy their clients abroad.

It must be added that while there is generally a great shortage of steel for home consumption and export, the position of availability within the wide range of goods produced by the steel industry differs considerably by the type of products, and a number of steel manufacturers can supply certain products required according to the Indian market without undue delay.

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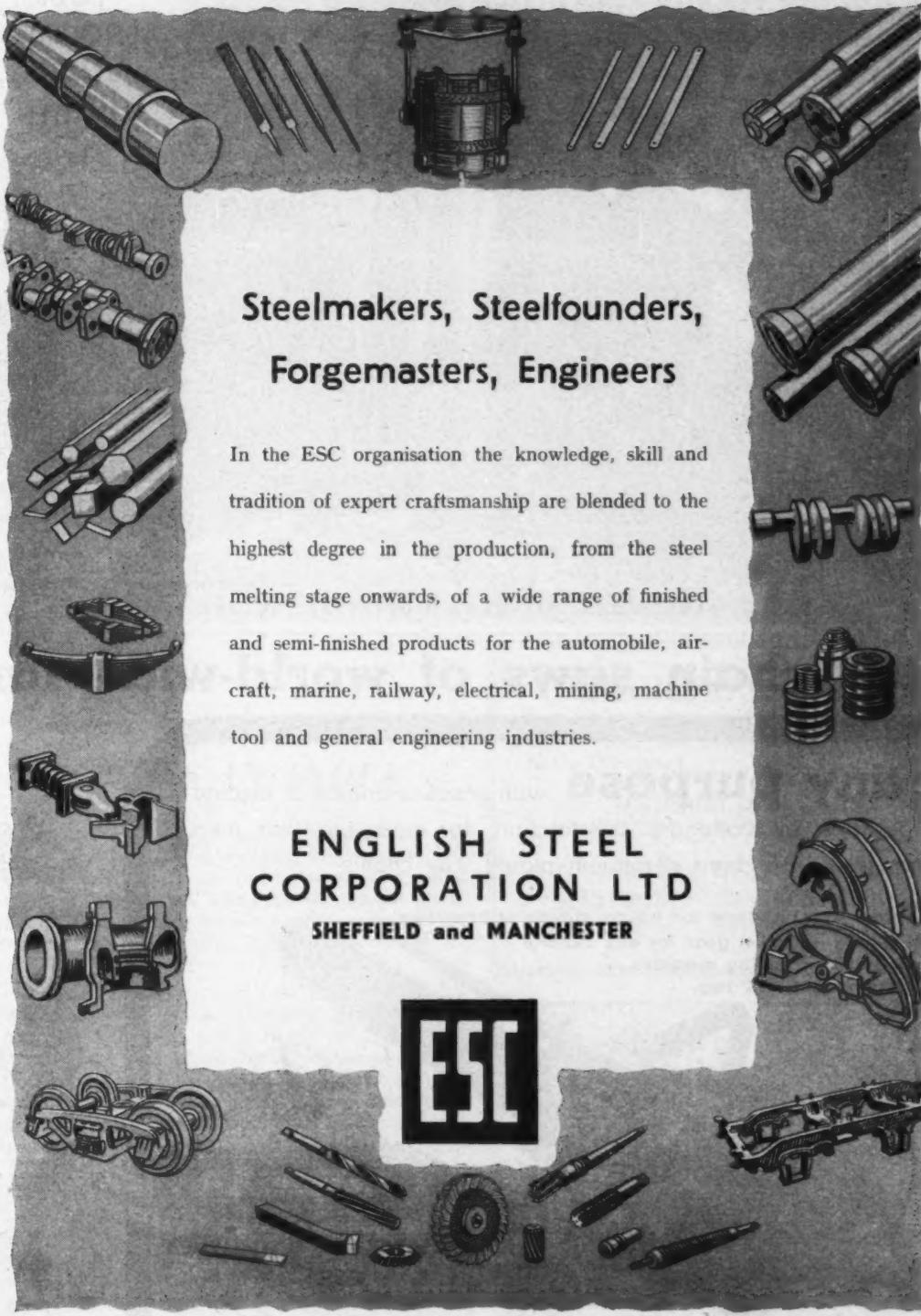
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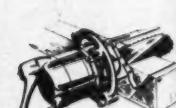
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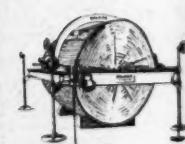
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INDIA'S WOOL TRADE

DURING the financial year 1955-56 India imported 4.7 million lbs. raw wool (as against 2.8 million lbs. during the previous year) valued at Rs.14.2 million, including 2 million lbs. from New Zealand, 1.5 million lbs. from Australia and 1.2 million lbs. from the UK. The imports of wool tops increased from 11.6 million lbs. in 1954 to 12.6 million lbs. valued at Rs.74.6 million, including 10.3 million lbs. valued at Rs.60.3 million from the UK.

During 1955-56 India's total imports of wool and woollen goods amounted to the value of Rs.118.6 million (approx. £9 million) showing a slight increase as against 1954-55 imports which were valued at Rs.111.2 million.

The second Five Year Plan estimates India's requirements of wool tops at 18 million lbs. and the indigenous production at 9 million lbs. by 1960-61. It is also estimated that the production of woollen and worsted yarns will increase from 19.4 million lbs. in 1955-56 to 27 million lbs. by 1960-61 and that of woollen cloth from 13.8 million yards to 20 million yards.

The value of India's exports of raw wool and woollen goods, including carpets and rugs increased from Rs.130 million in 1954-55 to Rs.139.8 million in 1955-56. The 1955-56 exports of raw wool reached 33.7 million lbs. approx., a 10 percent increase over 1954-55 exports. The main export markets were UK—17.9 million lbs. and United States—12.8 million lbs.

MEADOWS IN INDIA

Work is now well in hand on the implementation of the £1 million contract for building in India the Meadows 330 engine for automotive and industrial purposes. The whole project of first assembling and later full-scale manufacture is proceeding according to plan. Meadows, Wolverhampton are cooperating in this project with Automobile Products of India Ltd.

Six months of the 3-year plan have gone by, and the first phase of assembly of the Meadows 4DC330 engine (power range 60-87 b.h.p.) is well in hand. The API unit is basically the same as the Wolverhampton product as used for vehicles in Britain but certain modifications have been incorporated to meet local requirements. There will follow stage by stage extension until all engines in the Meadows range will be fully manufactured in India.

An important feature of the scheme is the exchange of technical personnel between the British and Indian companies. Indian nationals with engineering degrees have been given special intensive training at the Meadows works in Wolverhampton and on completion this was followed by technical representatives of Meadows going to India for on-the-spot advice, guidance and instruction as to methods and practice.

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INDO-SWEDISH TRADE

By A Correspondent

THE Indo-Swedish trade agreement which was signed in May 1955, for a period of two years provides that schedules of imports and exports attached to it should be revised every year. In May this year it was agreed by the two Governments to extend for the year 1956 the validity of schedules attached to the 1955 agreement.

Some of the important export commodities from India to Sweden during 1956 are: cotton textiles, silk and rayon fabrics, jute goods, raw wool and woollen manufacturers, leather goods, including footwear, tea, coffee, tobacco, shellac, manganese ore, and coal.

During the financial year 1955-56 India's exports to Sweden were valued at Rs.15.4 million, showing a slight decrease as against the exports of the previous year which amounted to the value of Rs.16 million. India's imports from Sweden, however, continued to expand and increased from the value of Rs.60.6 million in 1954-55 by nearly 30 percent to Rs. 78.6 million in 1955-56. During the financial year 1955-56 India's imports from Sweden included paper-making materials (including pulp) to the value of Rs.12.2 million;

packing and wrapping paper—Rs.9.7 million (as against Rs.6.6 million in 1954-55); printing paper—Rs.4.6 million; writing paper and envelopes—Rs.2 million; hardware (excluding cutlery and electroplated ware)—Rs.4.2 million (Rs.3.1 million in 1954-55); nails, rivets and washers (excluding wire nails)—Rs.1.2 million.

The 1956 schedules of goods for import into India from Sweden include: foodstuffs of various kinds; building materials, including cement; ceramic floor and wall tiles; various kinds of chemicals and pharmaceuticals; as well as various machinery and industrial equipment, like Diesel engines, electrical equipment including generators, transformers, telephone and telegraph equipment, and railway rolling stock.

An Indian Government delegation, headed by H. V. R. Iyengar, Secretary of the Ministry of Commerce and Industry, during a tour of European countries recently visited Sweden where financial, economic and trade questions were discussed with Swedish authorities and business circles.

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INDIA'S TRADE WITH BELGIUM

From A Correspondent in Bombay

INDIA'S trade with the Belgo-Luxembourg Economic Union during the April 1955-March 1956 fiscal year shows an increase as against the previous year, but it is felt that the trade could reach a higher level if more Belgian firms would show a greater aptitude in understanding the economic developments in India and the possibilities for larger trade with India.

The following table shows that India's exports to the Belgo-Luxembourg Economic Union increased to a larger extent than India's imports from the Union, but the year ended again with a substantial favourable trade balance for Belgium.

	1954-55 Rs.	1955-56 Rs.
India's exports to Belgium to Luxembourg	64,042,789 128,677	88,146,993 6,283
India's imports from Belgium from Luxembourg	106,352,968 791,612	120,810,095 3,553,365

India's re-exports to Belgium in 1955-56 were valued at Rs.1,855,961, including raw wool to the value of Rs.1,723,948. In addition, India's imports from the Belgian Congo in 1955-56 were valued at Rs.14.1 million (as against Rs.23.5 million in the previous year), including unwrought copper to the value of Rs.6 million, and India's exports to the Belgian

Congo decreased from Rs.2.7 million in 1954-55 to Rs.1.9 million in 1955-56.

Exports to Belgium

India's exports of raw cotton to Belgium increased from 1,503 tons in 1954-55 to 8,509 tons valued at Rs.19.2 million in 1955-56. During the latter year the exports of cotton waste were valued at Rs.5.3 million.

Belgium is an important market for India's exports of crushed bones and bone grists and of the total Indian exports of these goods in 1955/56 valued at Rs.27.4 million, Belgium's share was Rs.8.2 million (as against Rs.5.8 million in 1954/55), while the exports to UK were Rs.7.4 million and to the Netherlands Rs.4.1 million worth. India's total exports of coffee during 1955/56 were valued at Rs.15 million, including to Belgium Rs.1.2 million while the exports to Western Germany were Rs.5.8 million and to Italy Rs.4.3 million.

Among other Indian exports to Belgium in 1955/56 were gunny bags to the value of Rs.8.9 million, raw wool—Rs.2.1 million (Rs.0.6 million during the previous year), unmanufactured tobacco—Rs.1.8 million (Rs.1.1 million in 1954/55), ground nut oil—Rs.9.1 million, goat skins—Rs.4.2 million, coir yarn—Rs.0.9 million, mica splittings—Rs.0.9 million, kyanite ore—Rs.0.5 million, iron ore—Rs.1.1 million (0.7 million during the previous year).

Imports from Belgium

Various Belgian industries producing manufactured and semi-manufactured goods find an outlet for their exports in the Indian market. Belgian factories have supplied Indian railways with wagons, carriages and parts to the value of Rs.19.3 million during 1955/56 fiscal year. Among other imports were glass and glassware to the value of Rs.3.1 million, cinematographic films—Rs.0.7 million, raw cut staple fibre and waste—Rs.3.5 million. Belgium's big iron and steel industry contributes largely to the country's exports to India and in 1955/56 the exports included iron and steel galvanised sheets and plates valued at Rs.6.8 million (Rs.0.7 million during the previous year), tubes, pipes and fittings—Rs.1 million, wire—Rs.4.7 million, (Rs.1.7 million during the previous year), nails, rivets and washers (excluding wire nails)—Rs.1.7 million.

In connection with the execution of India's development plans and the country's requirements for iron and steel products on the one hand and the production capacity and wide range of products of the Belgian steel industry on the other, there are good prospects for a further development of this industry's exports to India. Recently orders for railway axles, wheels and tender drag boxes were placed by the Indian authorities with Belgian firms. During the financial year 1955/56, the India Store Department, London, placed orders for the Government of India to the value of £821,574 with Belgian firms.

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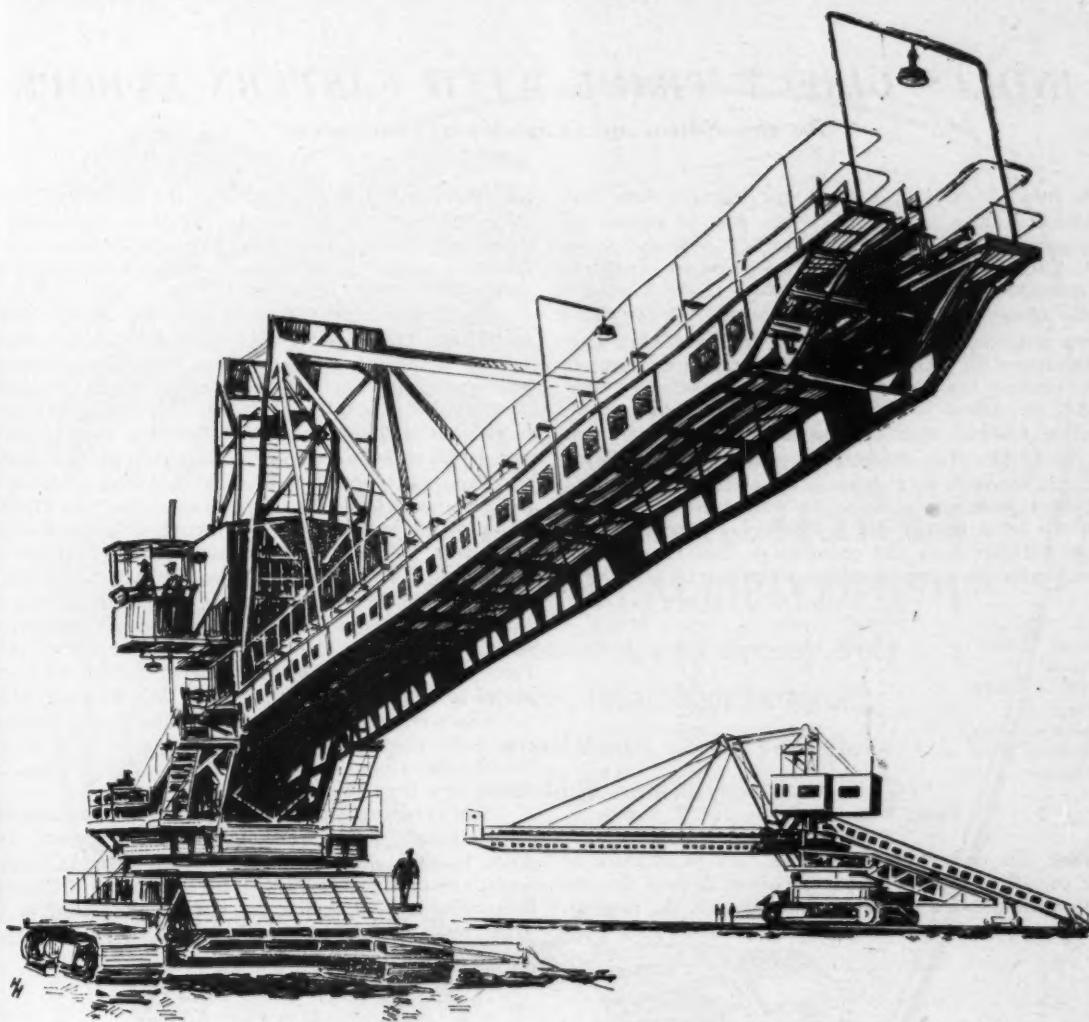
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INDIA'S DIRECT TRADE WITH EASTERN EUROPE

By the Editor of "East-West Commerce"

ON July 12 the Indian cargo-liner "Bharat Rani" left Vishakapatnam for the Black Sea port of Odessa, inaugurating India's first maritime link with the Soviet Union. This 10,372-ton freighter, carrying iron ore earmarked for Czechoslovakia is due to be unloaded at the Rumanian port of Constanza and on her return voyage will carry steel and iron products from Odessa. Under the Indo-Soviet shipping agreement six Indian and six Soviet ships are to provide service between the two countries. The 9,000-ton "Archangelsk," the second Soviet ship on this service has already arrived in Bombay with a consignment of iron and steel from the USSR. The shipping agreement with the Soviet Union was followed by a shipping agreement between India and Poland, each side participating with three ships. These agreements are a further step in developing direct economic relations between India and countries of East Europe. The following table shows the development of this trade:

	India's Imports		India's Exports	
	1954-5	1955-6	1954-5	1955-6
Soviet Union	18.1	62.1	21.2	32.6
Poland	42.4	4.3	4.6	3.3
East Germany	2.3	3.7	0.4	0.2
Hungary	1.0	4.1	0.2	0.8
Czechoslovakia	12.5	28.9	15.8	13.3
Bulgaria	0.1	0.4	0.1	0.1
Rumania	2.8	3.2	0.4	0.1
Total	79.2	106.7	42.7	50.4

(all figures in million Rs.)

While this trade still represents a very small share of India's overall foreign trade, it is important to note that the 1955-56 trade shows a substantial increase over the previous year. Recently a number of big trade contracts have been

concluded, and it is expected, that the Indo-East European trade will continue to expand. The trade agreements concluded for 1956 envisage an increased exchange of East European capital goods against primary commodities to be supplied by India.

Direct trade between India and East Europe is a new venture and both sides have to gain experience in it before it can be developed properly. East European countries are anxious to foster economic relations with India. The promptness shown by Soviet authorities in economic dealings with India on various occasions has impressed the Indians even though they realise the USSR has a centrally planned economy. East European countries have established trade offices in India and have participated in a large way at the New Delhi Fair (some of the exhibits were later presented as gifts to India). Some East European countries have organised special trade exhibitions in India. An exhibition of Bulgarian goods is to be opened in Bombay this autumn to promote the trade within the framework of the trade agreement signed this April. India's participation at the Leipzig Fairs as well as at other Fairs in East Europe, and the Indian Exhibition in Berlin helped to establish personal contacts. Mr. M. Shah, Minister for Heavy Industries, stated recently that during the current year India would import one million tons of steel, including 300,000 tons from the USSR, 50,000 tons from Poland, and 42,000 tons from Czechoslovakia.

East European countries are also anxious to secure Indian contracts for the execution of development projects. In addition to the agreement to build a steel plant in India, the Soviet Union recently signed an agreement with India for the delivery of two oil drilling rigs for oil prospecting in India, valued at Rs.7.4 million.

Indian Exhibition in Berlin

The India Exhibition which was organised recently in East Berlin by the Chamber of Foreign Trade of the German Democratic Republic attracted 50,000 visitors.

The main points of attraction were the colourful saris and stoles, made of rich brocades or light, transparent organdy, the carvings in ivory, sandal wood and redwood, the countless copper, brass and silver articles, jewellery, ornaments and the very popular straw and plaited cane articles.

The exhibition helped to acquaint the people of the German Democratic Republic with the many problems arising from the reorganisation of India, in particular the difficult task of industrialisation and of training a huge army of specialists for the new industries.

Large photographs of India's new factories, power

stations, newly-built bridges, parts of cities and modern agricultural farms, and posters showing the most important figures of India's second five-year plan were also displayed.

The industry of the German Democratic Republic will participate in the realisation of India's five-year plan, by supplying her with all kinds of machinery. The first international fair in New Delhi, held October to December 1955, was a good start towards the strengthening of close commercial and cultural relations between the two countries. At present Indian and German scientists are carrying out an active exchange of experiences, especially in the research institutes of the universities of India and the German Democratic Republic. Their work contributes towards a better knowledge and understanding of the problems of both countries.



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World Bank Loan for Indian Steel Plant

THE World Bank has approved a loan of \$75 million in various currencies to the Tata Iron and Steel Company Limited, of India, to assist in the financing of a large-scale expansion programme to raise the Company's annual output to 1,500,000 long tons of finished steel (2 million long tons of ingot steel). This will be the largest loan the Bank has made for industry, and also the largest Bank loan in Asia.

The First National City Bank of New York, the Irving Trust Company, and the Manufacturers' Trust Company will participate in the loan to a total of \$2,355,000, constituting the first maturity, due in December 1959.

The Tata expansion scheme is included in the investment proposed for the private sector in the Indian Second Five-Year Plan. The Plan envisages an increase in domestic production of finished steel from the present level of 1½ million tons to about 4½ million tons a year. This is to be achieved by expanding the two existing privately-owned plants and by establishing three new government-owned plants. It is estimated that demand for steel in India, which already necessitates heavy imports, will increase with the economic expansion of the country and the growing requirements for steel products for railways, industry, power, irrigation, and other construction. The supplies made available by the proposed expansion of steel capacity, including that of the Tata Company, should be absorbed by the internal market.

The Tata Iron and Steel Company Limited is the largest integrated steel plant in Asia and has a long record of sound management and profitable operations. Its plant is situated at Jamshedpur, 150 miles west of Calcutta. Nearby are ample sources of good quality iron ore and coking coal; the electric power needed for greater production will be supplied by the Damodar Valley Corporation, to which the Bank has made two loans, totalling \$27.2 million, to assist the financing of power plants and dam construction. The Tata Company's proximity to raw materials and power supplies enables it to produce steel at a cost as low as any in the world.

The capacity of the Tata steel mills has been 800,000 tons of finished steel a year since before the war. During the war period the plant was subjected to heavy and continuous use without adequate renewals and replacements. Some parts of

the existing facilities are already in process of modernisation and expansion under a first postwar programme which began in 1951. The Company has now embarked on a second programme of expansion. Both programmes should be substantially completed by 1958, when capacity is scheduled to rise to 2 million tons of ingot steel a year, or 1½ million tons of finished steel. The total investment programme of the Tata Company is expected to be the equivalent of about \$250 million for the period April 1955 to March 1960.

The second programme consists of further modernisation and of additions to the existing plant throughout the whole process of steel production. For processing the raw materials a new battery of coke ovens will be installed, the existing batteries remodelled and expanded, and new ore crushing and sintering plants will be built. A new blast furnace will provide an increased capacity of 1,650 tons of pig iron a day. Steel-making capacity will be raised by adding two 200-ton open hearth furnaces and a new 32-ton converter; the capacity of the existing furnaces and converters will also be increased. Rolling capacity will be increased by a new 46in. blooming mill, a new sheet bar and billet mill, and a medium and light structural mill. This expansion of capacity will also involve extension of various facilities and services throughout the plant and its mining operations.

The Company has engaged the Kaiser Engineers Division of the Henry J. Kaiser Company and the Kaiser Engineers Overseas Corp., of the United States, to design most of the works involved in the second expansion programme and to supervise their construction. The works to be designed and supervised by Kaiser are estimated to cost about \$130 million and are to be completed by June 1958. The Bank's loan will be disbursed against part of the foreign exchange costs of these works. All orders for imported equipment are being placed on the basis of international competition to the fullest extent practicable.

The loan will be for a period of fifteen years and will carry interest of 4½ percent including the statutory 1 percent commission charged by the Bank. Amortisation payments will begin on December 1, 1959, ending June 1, 1971. This is the Bank's eighth loan to India, bringing total loans, net of cancellations, to \$199.9 million. It is the second loan serving the expansion of steel production, the first having been made to the Indian Iron and Steel Company Limited.

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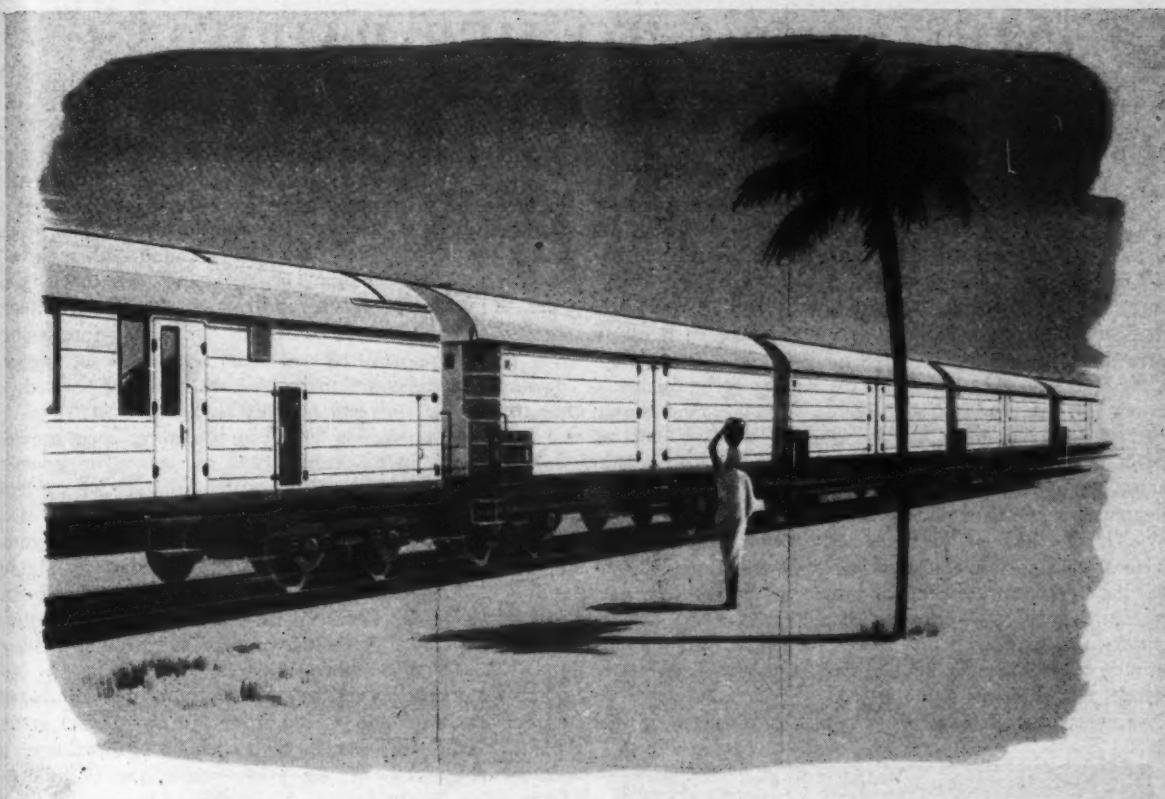
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GERMAN DEMOCRATIC REPUBLIC

INDIA LOOKS TO HER RAILWAYS

By A Special Correspondent in New Delhi

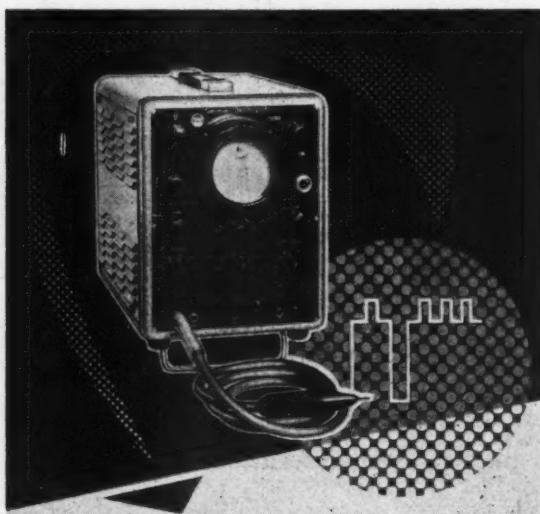
THE Indian Government realises the importance and urgency of developing the country's transport and communications. It has, therefore, in the Second Five-Year Plan, allotted for this purpose Rs.1,385 crores or 29 percent of the total outlay in the public sector. Of this amount Rs. 900 crores (approx. £675 million) are provided for the railways, and in addition Rs.225 crores are to be contributed to the Railway Depreciation Fund. It is envisaged that nearly three times the amount allocated for the development of the railways during the First Five-Year will be spent (the allocation envisaged was Rs.400 crores, and the total outlay reached Rs.432 crores). But the amount still falls short of the draft plan prepared by the Ministry of Railways which, taking into account developments anticipated in other sectors, suggested an outlay of Rs. 1,480 crores.

Those critics of the First Five-Year Plan who had stressed that the allocation to the railways was inadequate feel that their criticism has been vindicated by the new Plan and say that the Ministry's estimates should not have been cut. It appears, that over the period 1955-56 a gap of 5 million tons resulted from the 120 million tons of traffic required as against 115 million tons carried by the railways. The Government, on the other hand, taking into account claims

made by all sectors and considering foreign exchange requirements and uncertainties concerning the supply of steel, decided to reduce the estimates prepared by the Ministry of Railways. The Government is aware of the fact that by the end of the Second Five-Year Plan the additional traffic will amount to over 60 million tons, including 20 million tons of coal, 18 million tons of steel and raw material for steel plants, and over 5 million tons of cement. It is, therefore, stated, that "the position will be kept under review and such adjustments as are necessary in the railway plan will be made in the light of development in other sectors."

A large proportion of the expenditure, approximately Rs.425 crores (£318.8 million) will be required in terms of foreign exchange which will be used for the purchase of locomotives—Rs.81 crores; wagons—Rs.82 crores; rolling stock (special types)—Rs.125 crores; and steel—Rs.137 crores. Foreign exchange requirements are earmarked mainly for special types of stock like electric and Diesel locomotives, special wagons and so on. At the same time continued efforts will be made to increase the production of rolling stock in India. A special committee has been set up to examine proposals for developing indigenous capacity for the manufacture of railway stores and rolling stock. In the private sector, TELCO expect to increase the production of locomotives to 100 annually, while in the public sector, the Chittaranjan Locomotive Works, expects to increase production from 125 locomotives in 1955-56 to 300 in 1960-61. The production of railway coaches in the Integral Coach Factory is to increase from 20 in 1955-56 to 350 in 1960-61.

While during the First Five-Year Plan the principal task in the field of transport was rehabilitation of the means of transport, the Second Plan envisages substantial expansion of India's transport system, especially railways, which must inevitably continue to move the largest part of the traffic. The plan of development for the railways has been prepared to correspond with the targets adopted for agriculture, mining, iron and steel and other industries. The development of India's railways is a task of great magnitude, and the new Plan provides for doubling 1,607 miles of track, including 446 miles of Rourkela-Nagpur section of the South-Eastern Railway; conversion of 265 miles of metre gauge lines into broad gauge; electrification over sections totalling 826 miles, including 349 miles in the Calcutta area; Dieselisation over 1,293 miles, including 424 miles of the Southern Railway, and construction of 842 miles of new lines, which are needed either for meeting urgent operational requirements or in connection with the expansion of the iron and steel, and coal industries. Among further targets set by the Plan is the renewal of 8,000 miles of obsolete track etc. The Plan has formidable aims, and must be seen from the point of view of perspective planning of the entire economic development of India. The construction of new lines to open up parts of the



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(Continued on page 74)

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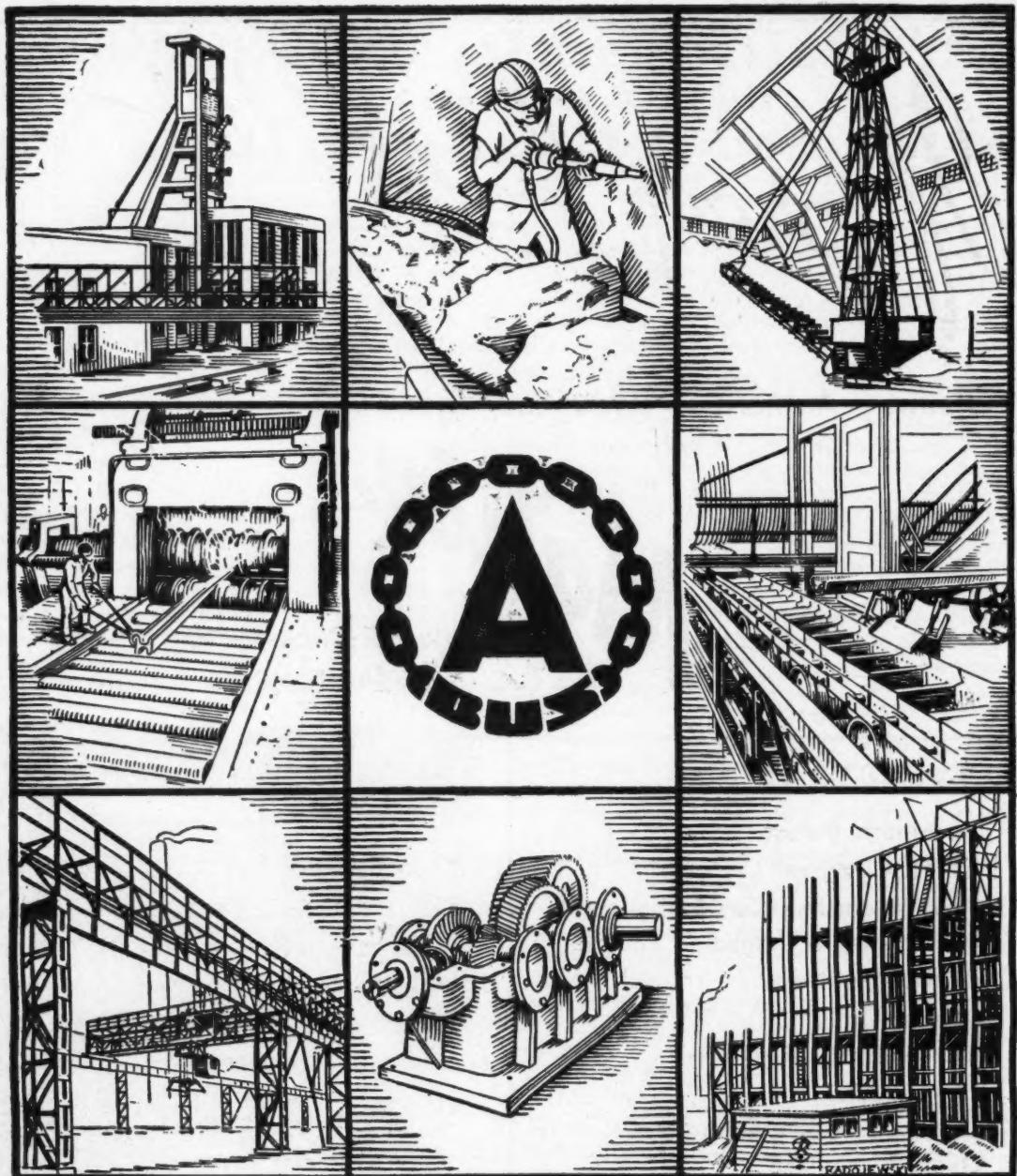
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THE GROWTH OF INDIAN SHIPPING

By J. G. Gadkari

(Assistant Editor *The Eastern Economist*, New Delhi)

DURING the last war the security of India hung, for a time, in a precarious balance. This critical situation brought home, among other lessons, the urgency of building the framework of a sound shipping industry with as much expedition as practicable. The Shipping Policy Committee, which was one in a series of committees appointed to advise on policies for post-war reconstruction, made comprehensive recommendations for the expansion of Indian shipping in its report tendered early in 1947. The gist of its recommendations was that India should develop a merchant navy of a size which would enable her to handle, in a period not exceeding seven years, 100 percent of the coastal trade of the country, 75 percent of the adjacent trade and 50 percent of the distant overseas trade. The first two targets need not be considered as too ambitious. But it is difficult to be dogmatic about the herculean task which the Committee assigned in respect of the country's share of its trade in international waters, as this is a field where it had to begin from scratch.

In the order of priorities, Indian shipping had to consolidate its position in the coastal trade. In terms of a recognised convention this trade has been regarded as an exclusive concern of the national mercantile marine of every country. But in order to win practical recognition of this convention, India had to wage a ceaseless struggle for over a quarter of a century. In 1950 the Government of India made the eventful policy pronouncement that the coastal trade would be reserved exclusively for Indian shipping, and hundred percent reservation became an accomplished fact in September 1951.

Effective reservation of the coastal trade for the national bottoms did not, however, mean that things would be smooth for Indian shipping functioning even in the domestic area. Serious problems threaten to disturb the situation of Indian shipping in the coastal waters intermittently and they produce paradoxical situations. There were brief spells when the volume of cargo offering was insufficient to maintain the operations of Indian shipping at economic levels. There also came an interlude when the tonnage employed was inadequate to cope with the pressure of traffic and the services of foreign ships had to be requisitioned on a charter basis. Then, there is the standing issue of keeping freight rates in proper alignment with the ever-rising costs of operation.

Indian companies approached the Government for an increase in rates when the strain on their resources became too heavy. Their request was met by two interim grants of increases of five percent each effective from October 1955 and April 1956. But the broader problem of restoring stability to coastal shipping and coordinating it with railway transport remains to be settled. It has assumed an urgency and a compulsion in view of the physical incapacity of railways to bear the full burden of the expanding freight traffic during the Second Five-Year Plan. One difficult issue which the Rail-Sea Coordination Committee has been called upon to decide is to reconcile the disparity between shipping and railway rates.

The expansion of shipping in the First Five-Year Plan was envisaged on a moderate scale and aimed at a target of

600,700 g.r.t. for the three categories of trades. The brunt of this development was to be borne by the private sector and a progress audit of the Plan shows that it has acquitted itself satisfactorily of the task. During the five years immediately preceding the First Plan, the private sector invested an amount of Rs.22 crores in shipping on its own and an equal investment was made by it from its own resources in the First Plan, bringing the total to Rs.44 crores. Any further outlay in this sector had necessarily to come in the form of assistance from the Government. An allocation of Rs.26.3 crores was earmarked by way of loans to shipping companies out of which about three-fourths was disbursed, while construction of ships is under way against the balance of sanctioned assistance. The loans were distributed broadly in the ratios of 20 percent for acquisition of coastal tonnage and 80 percent for overseas tonnage, the latter being advanced on liberal terms as to interest and repayment. The target of 600,700 g.r.t. has been achieved on the assumption that 82,000 g.r.t. due for delivery in the near future is included in the computation. The outstanding feature of Indian shipping at the end of the First Plan, however, is its composition—43 percent of the tonnage being engaged in the coastal trade and 57 percent in the adjacent and overseas trades. This composition determines the



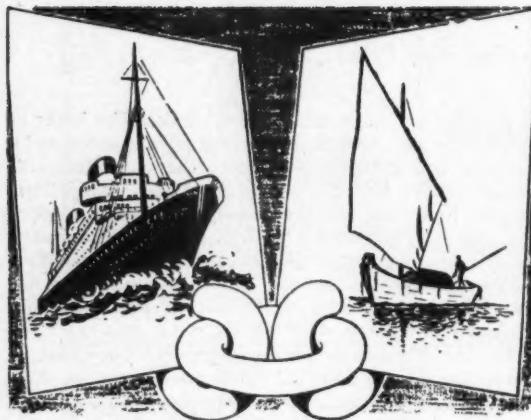
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direction of future expansion.

The target prescribed for the Second Five-Year Plan raises the aggregate tonnage of Indian shipping to 901,700 g.r.t. The financial allocation provided for the acquisition of the increased tonnage is of the order of Rs.37 crores, exclusive of the carry-forward of Rs.8 crores from the First Plan. The additional outlay of Rs.37 crores is to be distributed in the proportions of Rs.20 crores for the public sector for investment in the two State shipping corporations and Rs.17 crores by way of loans to the private sector. The private sector's total outlay, including its own contribution of Rs.10 crores, will be higher than the public sector's investment at Rs.27 crores.

Pre-occupation with the quantum of the tonnage target for the Second Plan is apt to divert attention from the substantial progress which Indian shipping has been achieving in diverse directions. The comparable picture of progress over the two Plan periods is presented in the table below:

Coastal and Adjacent trades	(Figures in gross registered tons)		
	At the start of the First	At the end of the First	At the end of the Second
Overseas trade	217,202	312,202	412,200
Tramp	173,505	283,505	405,505
Tankers	—	—	60,000
Salvage Tug	—	5,000	23,000
Total	390,707	600,707	901,707

The fact that the rate of the growth of tonnage is being maintained in both the Plans at 50 percent is not so meaningful, important though it is, as the structural changes which will take place in India's shipping during the current Plan. Hitherto, Indian shipping was restricted exclusively to scheduled services carrying dry cargoes. The tanker tonnage shown above in the First Plan was formal rather than effective, since India actually made her debut in the wet cargo trade in April this year. The non-coastal component of shipping is expanding at a rapid rate and in a growing proportion. Tramp tonnage will now come into being as a distinct adjunct to the regular services and India will enter the race in a modest way for the tanker trade.

The challenge which Indian shipping has to face in the future is to match the requirements of the emerging overseas component with adequate resources. This is a component where the risks and outlays involved are really great and it is for this reason that the public sector is expanding its role here. The Western Shipping Corporation which was registered in June this year is fully State-owned, while the same character will be imparted to the Eastern Shipping Corporation after the Government acquires 24 percent shares now held by the Scindia Steam Navigation Company. This trend does not imply a positive policy of thorough nationalisation of external shipping. There is ample appreciation of the valiant part played by Scindias, Indian Steam, Bharat Line and a few more private shipping companies in flying the Indian flag in the distant waters at great financial losses in the post-war period. There is large scope for overseas expansion since India's share in this trade at the end of the Second Plan will be only around 12 percent. Government attitude is quite clear on this issue. It stands committed to the participation of the private sector in overseas shipping with State assistance. The precise nature of such assistance is to be defined in the context of the emerging situations.

Shipowners' Criticism of the Five-Year Plan

MR. H. M. DESAI, Member of the Indian National Steamship Owners' Association, has criticised the fact that the actual second Five-Year Plan has reduced the aggregate tonnage figure to 900,000 g.r.t. as against the target of 1,045,000 g.r.t. fixed by the consultative committee of shipowners in November 1954.

In his speech of May 31, 1956 (reprinted in the June issue of *Indian Shipping*) he declared that the new Five-Year Plan target is too low for many reasons, including that it does not take a realistic view of the upward movement in the mercantile marine of all leading maritime countries; that it provides for an unbalanced development in shipping, taking into account the trend and expected increase in India's trade, coastal, adjacent or distant; that it ignores the great value of owned shipping for fulfilment of the Second Plan under which India is desirous of importing steel, cement and other articles; and that it takes no note of the loss of crores of rupees in foreign exchange paid by India to foreigners for want of Indian shipping. Mr. Desai declared that he was quite conscious of the several forms in which aid is being actively and substantially given or offered by the Indian government to shipping. But he urged that a lot more needs to be done in the private and public sectors of Indian shipping. He suggested higher financial allocation for shipping in the second five-year plan, liberalisation of terms of loans along with an insurance

that loans would not be converted into equity capital, recognition of the fact that world pattern of trade is changing and that unless a country has ships, it cannot meet requirements of the new trade pattern, that in trades operated by the private sector, early decisions permitting increase in passenger fares or rates of freight ought to be taken.

He urged that a constant and sustained bold approach both on the part of the private sector and the public sector is called for. He emphasised the necessity of improvement in port and harbour facilities, taxation relief and an adequate rail-sea coordination. Mr. Desai stressed the fact that world costs in shipbuilding show no sign of diminution, and that it would be wrong to wait in the hope that orders could be placed when prices come down.

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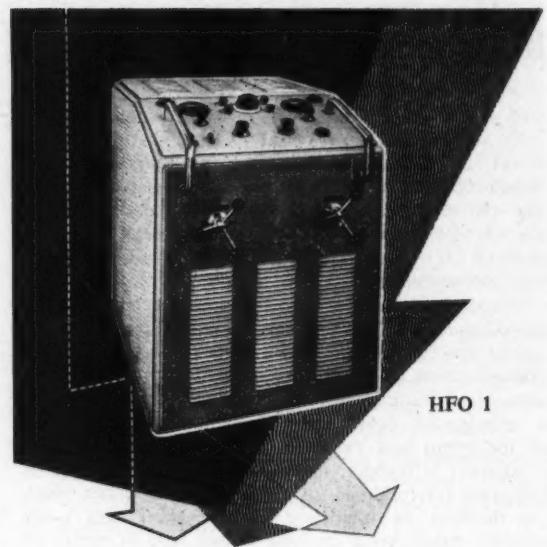
NIHONBASHI, TOKYO, JAPAN

Improving India's Grasslands

In a report recently published by the UN Technical Assistance Board, it is stated that "the improvement of village pasture has been referred to as the most difficult problem in Indian agriculture." Describing the work of FAO in trying to find a solution, the report points out that owing to the particular conditions prevailing in India as regards livestock, and the great numbers, poor quality and low productive capacity of the stock, the best approach to the improvement of grazing conditions lies in concentrating efforts on village grazings. So great is the pressure of feeding stock on these grazings, however, that acute soil preservation problems of long duration exist in the vicinity of many villages and, therefore, the work has been carried out in cooperation with forest authorities. Foreign experts visited India and local agronomists were sent overseas for study purpose. A coordinated research into grassland management and fodder production is being carried out by the Central and State Governments of India. A survey of India's grasslands which began in 1954 is expected to be concluded by 1958. This survey is essential in order to provide the information needed for the improvement programme at village level. When the survey has been completed for any area, the villagers in that area will be able to find out just how many head of stock their grazing should carry, to determine the best species of grass and fodder plants, and to apply simple measures to improve and conserve soil and pasture.

The report shows that the first results at the village level are already very encouraging, and in some cases a start was made towards the final objective—the changing of the grazing from virtually worthless annuals into valuable perennial species. In a country where there is an overall average of 16.8 cattle per acre of fodder crops, and where the likelihood of any great increase in pure fodder crop production is not very great, this *ad hoc* approach is considered to be the only practical one. Indian grazing lands which should carry one beast on every two to four acres for from 4 to 5 months each year at present carry three beasts per acre throughout the year, and it is unlikely that the desirable minimum will ever be reached. It is suggested that the whole problem should be studied by a team of experts whose investigations would enable the creation of the grazing and fodder resources which are necessary for the success of such schemes as the joint Indian-UNICEF milk conservation project. In the meantime, however, eight States have already made a beginning with the coordinated work on short-term fodder crops which is a part of the suggested research programme.

The magnitude of this problem was already fully recognised by the authors of the First Five-Year Plan, who stressed the fact that it was estimated that the quantity of fodder available was about 78 percent of requirements while the available concentrates and feeds sufficed only for about 28 percent of the cattle. According to the 1951 livestock census there were 150 million cattle and 43 million buffaloes, but the overall estimates made by the Cattle Utilisation Committee has shown that about 10 percent of the cattle population were unserviceable or unproductive. A study of the 1951 census has shown that the ratio of dry and other cows which are not in milk with those in milk differs very considerably in various areas of the country, but that while the normal ratio of dry animals to those in milk should be 1:1, in many areas the ratio is 2:1 and even worse which imposes a great strain on the country's resources.



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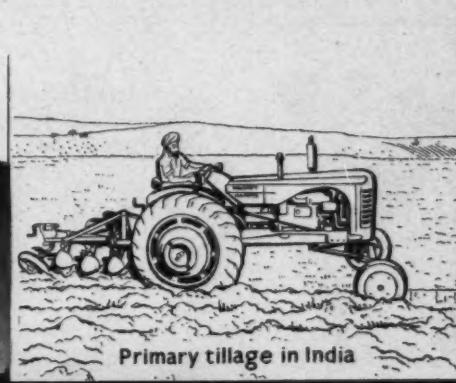
NEGOTIATIONS have now been concluded with the Indian Ministry of Commerce and Industry under which the Ferguson tractor is to be progressively manufactured in that country. Standard Motor Products of India Limited, an associate company of the Standard Motor Co., will undertake production at their Madras plant.

This agreement represents an important step forward towards the modernisation of Indian agriculture which has slowly but surely been taking place. The Ferguson tractor has already played its part in that work and the 10,000th of these tractors to be imported into India, since they were first introduced there in 1949, was recently despatched. During the last seven years deliveries to India of this make of tractor have been maintained at approximately 50 percent of all wheeled tractors imported.

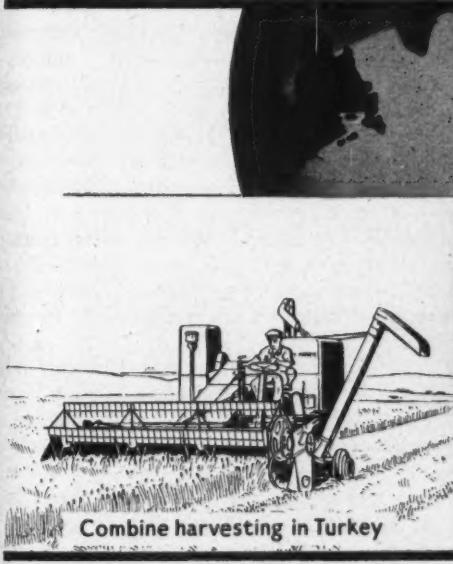
Massey-Harris-Ferguson (India) Ltd., state that they intend to concentrate on the development, design and indigenous manufacture of the agricultural machinery best suited to Indian requirements. Attention has already been given to specialised agricultural implements for wet rice paddy cultivation as well as to trailers, water tankers and irrigation pumps all of which are now being manufactured by the Company in India.



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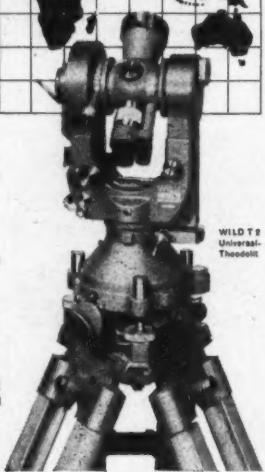


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SWISS exports to India continue to expand, and according to Indian Government statistics the value of India's imports from Switzerland increased from Rs. 101.7 million in 1954-55 to Rs. 120.7 million in 1955-56. Various Swiss industries have important outlets for their products in the Indian market, and because Switzerland is a member of the EPU the Swiss franc belongs to the category of "soft currencies" for Asian buyers. India's imports from Switzerland in 1955-56 included coal-tar dyes to the value of Rs. 17.3 million (of total imports of these goods were valued at Rs. 137.4 million, including imports from West Germany—43.7 million, and from UK—42.6 million); proprietary and patent medicines—Rs. 5.6 million; sulpha drugs—Rs. 1.7 million.

India's imports of watches from Switzerland increased from 556,472 in 1954-55 to 686,774 pieces valued at Rs. 19.3 million (the value of total imports of watches amounted to Rs. 24.4 million and included imports from West Germany—Rs. 4.2 million). In addition, clocks and parts of watches and clocks to the value of Rs. 0.4 million were imported by India from Switzerland. Textile machinery for the cotton industry valued at Rs. 5.4 million as well as electrical meters—Rs. 1.2 million were also among India's imports from Switzerland in 1955-56. Other Swiss industries also find an outlet for their products in the Indian market.

Max Petitpierre, head of the Political Department, in his speech in the National Council of Switzerland on June 2, said, that the problem of underdeveloped countries was mainly an economic and technical one, and he emphasised that some of these countries had an older civilisation "than ours" and still possessed an outstanding culture and philosophy. In recent years "perhaps, a little too late" the problem of underdeveloped countries has won greater attention. The regaining of political independence and of economic freedom by former colonies had not solved all problems. These countries needed assistance from abroad, but assistance without strings attached. M. Petitpierre referred to Switzerland's participation in the work of UN special agencies and said that Switzerland's aggregate contribution of technical assistance for underdeveloped countries has amounted to 6.5 million Swiss francs since 1950, and that the Swiss Government intended to step up its contribution in 1957. Swiss experts were working in underdeveloped countries and nationals of these countries were trained in Switzerland. He stressed that in this field there was also scope for activities for Switzerland on a bilateral basis, and expressed satisfaction at the growing interest in these problems in Switzerland.

He referred approvingly to the activities of "Swiss Aid for non-European countries" and the coordination commission for technical assistance, under the chairmanship of Professor Pallmann, in which authorities and business circles were participating. Questions of improving the present system of export credit guarantees which would enable the granting of long-term credits as well as of the establishing of an Export-Bank in Switzerland are being studied at present.

POST-WAR JAPANESE SHIPPING

By *Takeo Itoh* (President of *Osaka Shipping Line, Osaka*)

WHETHER a nation is destined for a maritime career is largely dependent on what we call her geopolitical conditions. This holds true for all ages and in all parts of the world. Lacking favourable conditions, no people can hope to be a maritime nation. Nor is a nation, equipped with them, likely to fail to be one if proper efforts are directed to that end.

The activities of the Japanese in the Far Eastern areas in the 15th century and the phenomenal development in trade and shipping of the nation after the Meiji Restoration of 1867 attest to the maritime character of the nation and her economy, and demonstrate that she cannot exist without shipping. During the 70 years since then Japanese shipping grew until it attained, just before the outbreak of the Pacific War, 6 million tons gross in holding, ranking Japan as the third largest of the world's maritime powers. This unusual development of Japanese shipping is to be accounted for not only by the nature of the people suited for seafaring occupations but also by the fact that the country, barren of resources, had to import raw materials from abroad and to export the manufactures thereof in order to feed her growing population and to maintain a level of economy. Besides, since the pattern of trade, which it was inevitable for Japan to accept, tended to show a deficit, the revenue derived from shipping services was of no small value for the improvement of her trade balance.

Before the war, Japanese shipping accounted for 90 percent of the liner services from Japan to various parts of Asia and 60 per cent of similar services to other parts of the world. But the war wiped out almost all of the Japanese merchant marine, and at the end of the war, it amounted to only 1.3 million tons gross, of which, to make the matter worse, a larger proportion consisted of substandard ships built during the war. In fact, the ships that could be operated on a normal basis did not exceed 700,000 tons gross at that time.

Because of the military occupation of several years, the post-war recovery in shipping was slow. It was only in 1949 that the plan to expand the ocean-going tonnage was launched. Since then the so-called shipbuilding programme was implemented every year, and at the end of 1955 Japanese tonnage totalled some 3.4 million tons gross, representing about 57 percent of what it was in 1941.

At the beginning of September 1955, some 17 percent of Japanese tonnage was employed in the coastal waters of Japan and 83 percent in overseas trade. Of the ships employed in the latter, some 27 percent was in the Indo-Pakistan and Persian Gulf trade — the Persian Gulf ports served mainly by tankers; 16 percent in the trade to and from the Philippines, Viet-Nam, Thailand and other areas of South-East Asia; and 14 percent in the trade to and from the United States Atlantic coast. A substantial portion of Japanese tonnage was also engaged in trade between foreign ports. The ratio of tonnage employed in distant and near seas stood at 76 to 24 as against 55 to 45 before the war. This relative fall in the tonnage employed in the shorter sea trade bears witness to the fact that, in the post-war period, less tonnage was in

the services to and from the mainland of China and ships have had to be sent further afield to seek employment.

As for cargoes, the Japanese merchant marine transported in 1936 about 60 percent of the nation's imports and exports, and in 1940 even as much as 67 percent. But in the post-war period, due to the decline in the Japanese tonnage, the nation's share of cargoes also diminished. In 1954 it did not exceed 46 percent. This demonstrates, on the one hand, the tardiness in the pace of recovery of shipping industry as compared with that of the import and export trade and, on the other, the urgent necessity to rebuild Japanese merchant shipping to a reasonable extent.

As already stated, the Japanese merchant marine, at present, falls far below its pre-war figure, not only in the amount of tonnage held but also in the share it receives of the nation's imports and exports. It should also be noted that Japanese shipping is much further away from recovery from the impact of the war than is the world's shipping business in general. Japanese shipping sustained more devastating damage during the war than any other industry, and after the war the occupation policy of the Allies was responsible for retarding its reconstruction until 1949.

Nevertheless, Japan's national economy has to depend today even more heavily on shipping than it had to before

(Continued on page 74)



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JAPAN'S INCREASED TRADE WITH INDIA

By A Special Correspondent in Tokyo

JAPANESE industry has been anxious to develop economic relations with countries of South-East Asia and succeeded in substantially increasing the country's trade with India.

According to India Government statistics the value of India's imports from Japan increased by over 60 percent in 1955-56 as against the previous year, 1954-55 imports were valued at Rs.205.7 million or 3.1 percent of India's total imports, 1955-56 imports reached the value of Rs.333.7 million or 5 percent of India's total imports. During the same period the value of India's exports to Japan increased even to a greater extent — from Rs.161 million to Rs.301.5 million, or by nearly 90 percent.

Orders from India placed recently in Japan indicate that Japanese manufacturers will be able to increase their exports to India. This refers particularly to capital goods including plant, machinery, products of iron and steel industry and other goods required for India's economic development. The India Government intends to import 100,000 tons of steel from Japan during the current year. Among recent orders placed in Japan by India are 5 Francis-type water turbines for the Bhakka power station (to the value of over Rs.10 million), steam locomotives (approx. Rs.1.3 million).

Japan constitutes an important market for various commodities. In 1955-56 India exported 56,509 tons of raw cotton valued at Rs.135.9 million (as against Rs.53.9 million in 1954-55). In addition cotton waste to the value of Rs.28.6

million was exported to Japan. Thus Japan was the biggest market for these two commodities, while the UK occupied second place with imports of raw cotton to the value of Rs.40.8 million and cotton waste — Rs. 23.4 million. Out of the total Indian exports of iron ore (1,362,776 tons) over 1 million tons valued at Rs. 46.3 million were exported to Japan in 1955-56. In addition iron and steel scrap to the value of Rs.24.8 million was exported to this market (total exports — Rs. 26.8 million). India's exports of manganese ore to Japan increased from Rs. 5.9 million in 1954-55 to Rs.12.1 million in 1955-56.

India is an important market for various Japanese industries and in 1955-56 India's imports from Japan included steel bars (other than cast steel) — Rs.21.6 million (Rs.0.5 million in 1954-55); steel ingots, blooms etc.—Rs.9.4 million (Rs.1.2 million 1954-55); iron and steel bolts and nuts — Rs.1.8 million; hoops and strips — Rs.6.6 million (Rs.0.8 million 1954-55); steel galvanised sheets and plates — Rs.9 million; not galvanised or tinned sheets and plates — Rs.35.6 million; wrought tubes, pipes and fittings — Rs.11.8 million; wire — Rs.19.2 million (Rs.3.9 million 1954-55). The imports of textile machinery for India's cotton industry reached the value of Rs. 15 million (Rs. 3.7 million in 1954-55) and India was also an important market for various products of Japan's chemical, glass, hardware manufacturing, optical instruments industries.



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JAPANESE SHIPPING (*continued from page 71*)

the war, if it is to be viable. Now more than ever, it has to look to shipping for the import of food and raw materials, to say nothing of the invisible revenue derived from shipping services which help to improve Japan's international balance of payment position. Bearing this in mind, the current ship-building programme aims at increasing the nation's merchant shipping to 4.5 million tons gross by the end of 1958. And in addition to this, the Five Year Economic Plan calls for the construction of ocean-going ships, aggregating 1,120,000 tons gross, within the coming five years, in order to ensure the receipt of \$370 million in foreign currency in 1960, thus squaring the trade balance.

The loss of tonnage caused by the war to Japanese shipping amounted to 8 million tons gross. Japanese ship owners received insurance money for their losses, but they have had to return this to the National Treasury as the result of a post-war measure causing forfeiture of all war indemnities. The amount of money thus forfeited totalled \$2.6 billion or, in the current inflated money, about \$520 billion. The ship-owners, as a result, had no resources of their own for building new ships, when later authorised to build, and had to look to financial institutions and the National Government for loans. It was only in 1949 that they began building new ships or purchasing foreign bottoms with the funds loaned to them. But just when some sizeable tonnage had been built up, the freight market took a turn for the worse throughout the world. With high-priced ships newly built and inefficient ships purchased from abroad, the shipowners had to suffer such a heavy financial strain in making payment of interest on loans, let alone the repayment of the principals, that in 1953 a legislative measure was taken to provide them with a government subsidy for interest payment. The government subsidy in this instance is something in the nature of a piecemeal reimbursement for the loss to shipowners caused by the forfeiture of wartime indemnities. Besides, the legislation establishing this scheme is a temporary one and will go out of existence after five years. Nothing could be more absurd, therefore, than to argue that the Japanese shipowners are waging a disastrous rate competition under the protection of a government subsidy. As a matter of fact, all-Japanese ship-owners are giving their full cooperation for the stabilisation of the world shipping market, and are desirous to make what contributions they can towards international development by conducting their business always in the spirit of fair play.

Since the autumn of 1954 the shipping market has been enjoying some measure of prosperity throughout the world. It is reported that some Japanese steamship companies are now going to resume payment of dividends, but although some companies may be making profits, they are few and far between. The Japanese shipping industry as a whole is still suffering from the pressure of the carried-over deficits or huge amounts of depreciation yet to be written off. It is still far from normal in regard to capital composition, with the rate of its indebtedness standing as high as 85 percent, as compared with 59, the average percentage of indebtedness for all industries in Japan. More than a decade after the termination of the war, it is still faced with a number of serious problems and it seems that many more years are needed to restore, in substance, Japanese shipping to anything approaching its pre-war status.

Electrical Equipment for India

The Ahmedabad 'C' Generating Station was commissioned in 1954 when 45 MW of the intended 120 MW capacity had been installed. The turbo-alternator plant was supplied by British Thomson-Houston including the three 15-MW generating sets, condensers, feed-heating, and evaporating plant.

The whole of the switchgear for the switching station, as well as that for the three transformer stations, and the control room equipment, is of BTH manufacture. A further 15-MW turbo-alternator is in course of manufacture for the station and orders have been received for an additional generator transformer and switchgear for the fourth transformer station.

British Thomson-Houston has been supplying switchgear equipment to India, including fifteen circuit-breakers for the Andhra Government for installation under the Machkund hydro-electric scheme and four similar breakers were supplied for the Orissa Government's section of this scheme. Four other circuit-breakers of a similar type have been delivered to the Damodar Valley Corporation for the first stage of this undertaking's electrification scheme.

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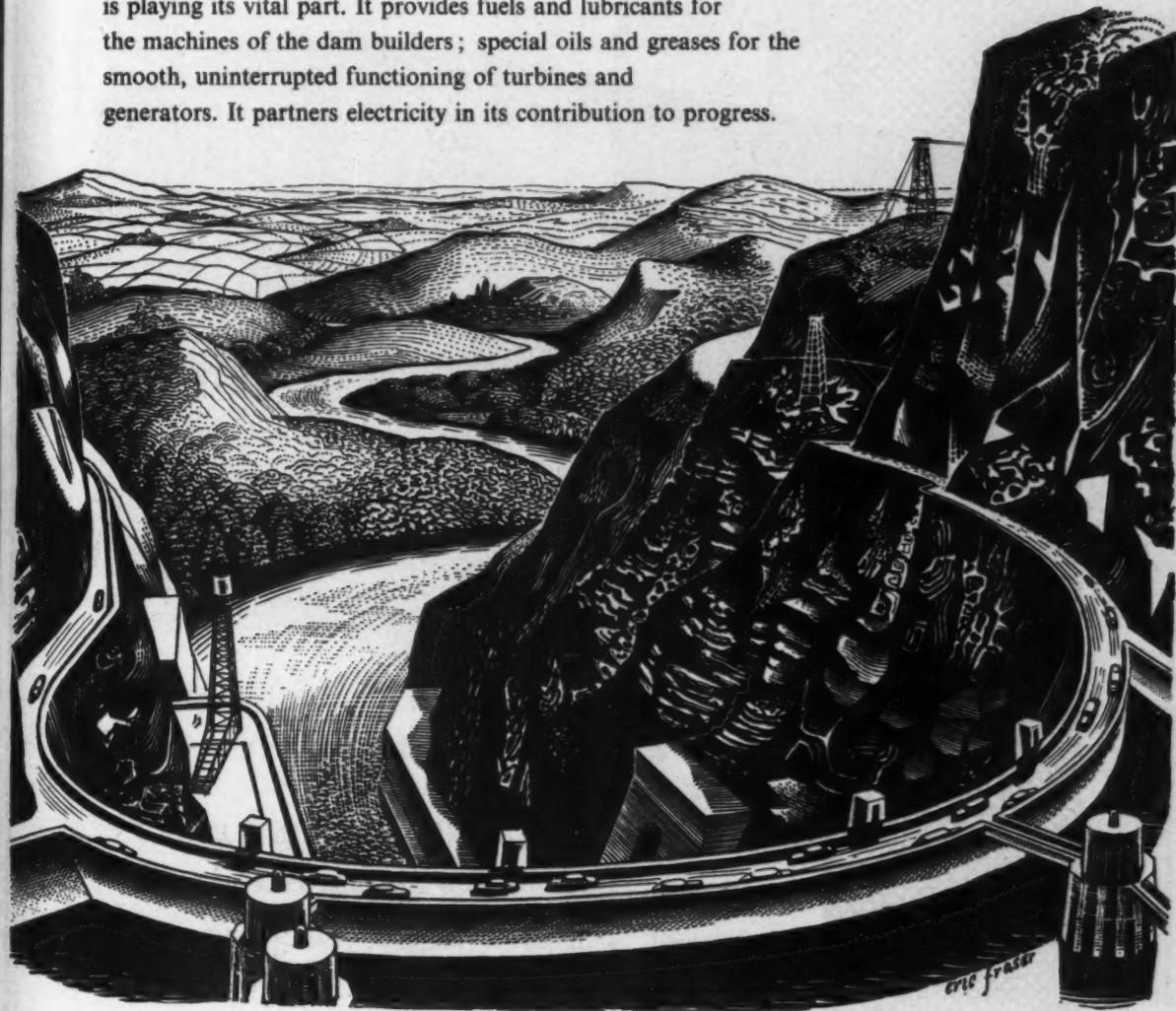
INDIA LOOKS TO HER RAILWAYS (*continued from page 62*)

country at present unserved by railways is not included in the present plan owing to the limited funds available. While it is regrettable that the construction of these lines has to be postponed, as they would necessarily give a great impetus to the overall development of the country, it is evident that the Government of India has been carrying out the policy of "first things first," and at the same time does not confine the economic planning to the Second Plan but is planning well ahead in terms of a longer period.

Simultaneously with outlay for materials and work efforts will be made to increase efficiency and productivity, a problem to which greatest importance should be attached in all fields of India's economy. The increase of production capacity must go hand in hand with an increased productivity. The increased volume of work of India's railways sets also the problem of a shortage of experts and skilled workers. It is reported that inspection work in some countries where rolling stock is being built for India's railways will be in future carried out by the Railway Administrations of the respective countries and not by officials of the Indian Railways.

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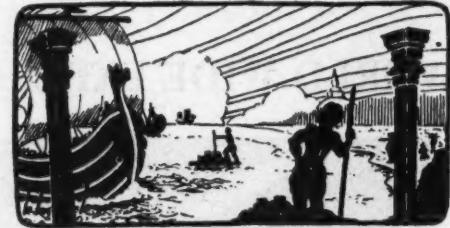
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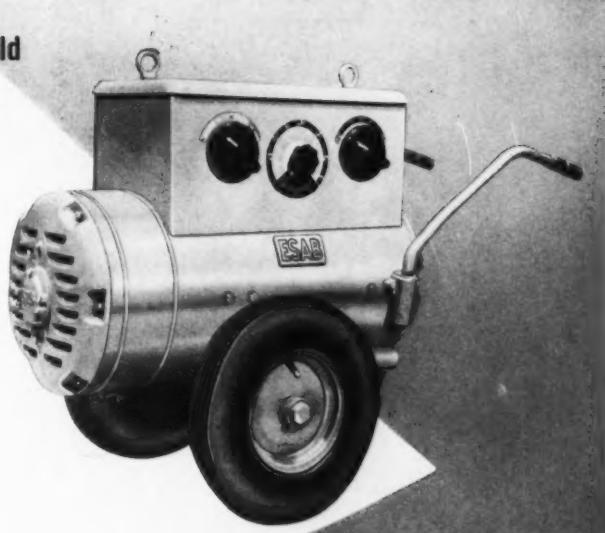
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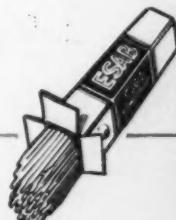
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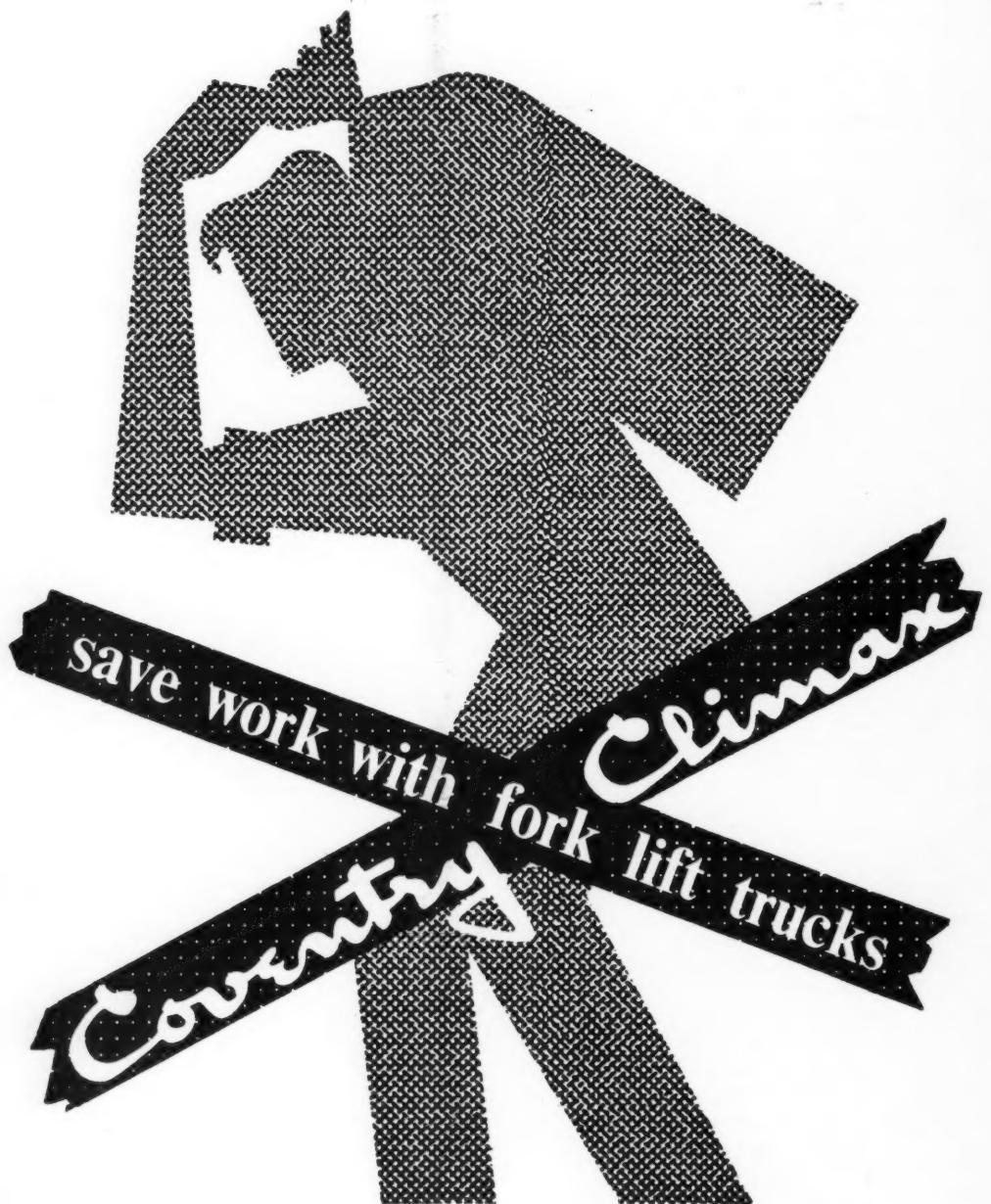
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